

Date: 01<sup>th</sup> october, 2018

1) The Manager, Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 Scrip Code- ARCHIES	2) The Listing Department Corporate Relationship Department BSE limited 1 <sup>st</sup> Floor, New Trading Wing P.J. Towers Dalal Street Fort, Mumbai- 400 001 Scrip Code- 532212
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**SUB: Submission of Annual Report 2017-18**

Dear Sir,

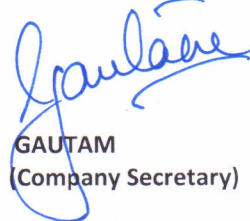
Please find enclosed herewith the Annual Report 2017-18 of Archies Limited pursuant to the Regulation 34(1) of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015.

Please acknowledge the receipt of the same.

Thanking you,

Yours faithfully

For Archies Limited

  
GAUTAM  
(Company Secretary)



**ARCHIES LIMITED**

C-113, NARAINA INDUSTRIAL AREA, PHASE-1, NEW DELHI-110028 (INDIA), CIN : L36999HR1990PLC041175  
TEL.: 91-11-41410000, 41412222, Fax : 91-11-41410060, Email : archies@archiesonline.com, Website : www.archiesonline.com  
REGISTERED OFFICE : PLOT NO. 191-F, SECTOR- 4, I.M.T. MANESAR, GURUGRAM - 122050, HARYANA (INDIA)





**ANNUAL REPORT  
2017 - 2018**



# Board of Directors

## **Mr. Anil Moolchandani**

Chairman and Managing Director

## **Mr. Dilip Seth**

Director (Finance) and CFO

## **Mr. Jagdish Moolchandani**

Director

## **Mr. Sunil Behl**

Director

## **Mr. Arun Singhal**

Director

## **Mrs. Payal Jain**

Director

## **Mr. Gautam**

Company Secretary & Compliance Officer

## **Auditors**

M/s J.P., Kapur & Uberai  
Chartered Accountants  
New Delhi

## **Bankers**

Citi Bank N.A.  
Kotak Mahindra Bank  
ICICI Bank Ltd.  
Indusind Bank Ltd.

## **Registered Office**

191F, Sector-4, IMT Manesar,  
Gurugram, Haryana-122050

## **Corporate Office**

C-113, Naraina Industrial Area  
Phase-I, New Delhi-110 028.

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Every Heart loves an Archies card

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Would take all year to celebrate # Happy Birthday

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Desi Archies

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# Every Heart loves an Archies card.

Archies reminds people that the simple gesture  
of sending a card can mean so much more than  
they realize.









**Archies for**  
Hallmark



**SWEETHEART,**

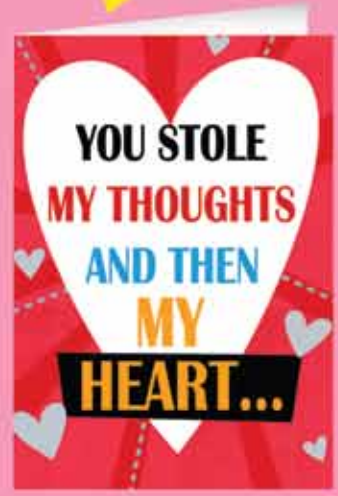
I COULDN'T DECIDE  
WHAT KIND OF  
**BIRTHDAY**  
**CARD**

TO GET YOU,  
SO I THOUGHT  
I'D LET YOU  
take  
**YOUR PICK-**

The  
**CUTE**  
kind:



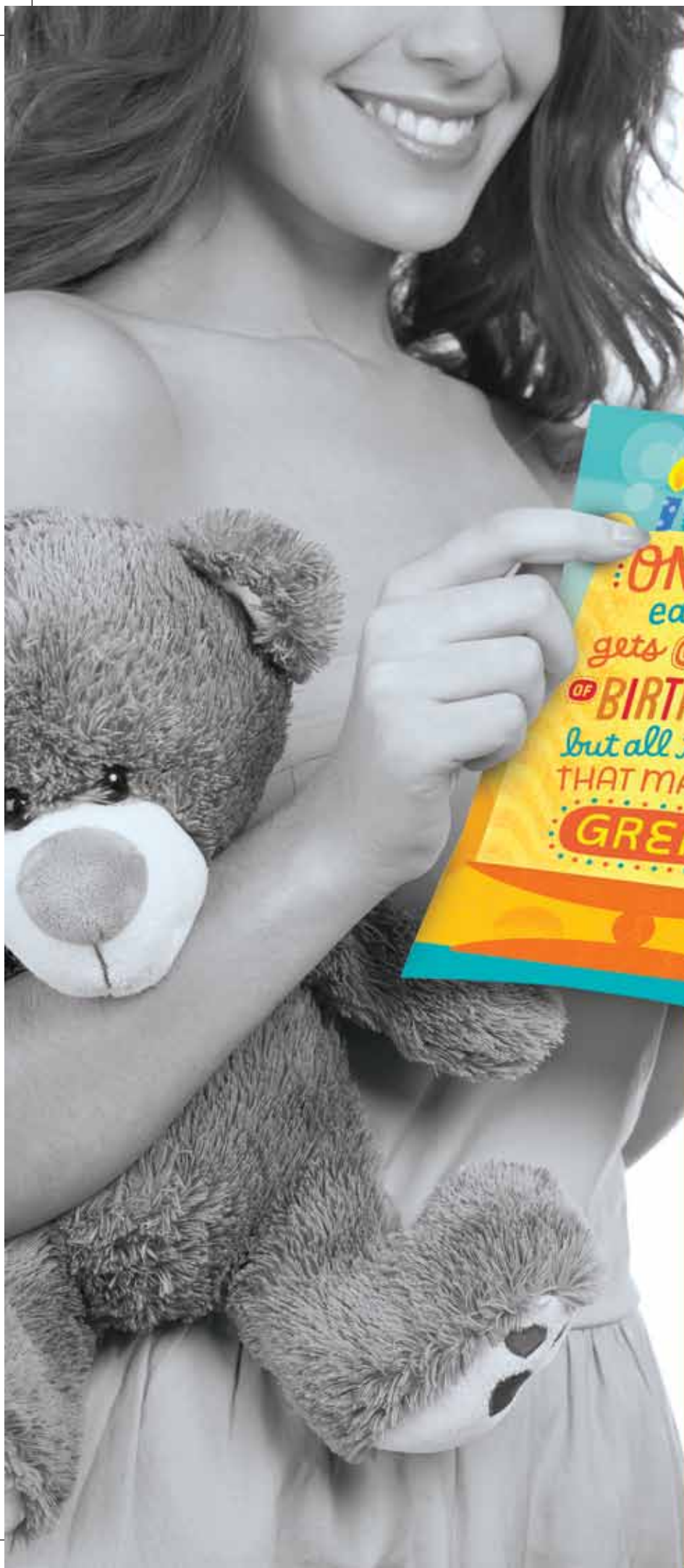
The  
**POETIC**  
kind:



The  
**DRAMATIC**  
kind:







ONE DAY <sup>OF</sup> YEAR  
each of us  
gets <sup>OUR</sup> SHARE  
OF BIRTHDAY fuss,  
but all the THINGS  
THAT MAKE YOU  
GREAT...

...would take  
**ALL YEAR**  
<sup>IT'S</sup> celebrate!

HAPPY  
Birthday  
.....







## FROM THE CHAIRMAN'S DESK

Dear Friends,

The year gone by was indeed a tough one, where we took a hard look at every corner of the operations of the company.

All marginal areas and those areas not contributing to the financial health of the company were shut.

As retail markets mature, there are a lot of markets and malls that go into decline, which then starts effecting footfalls. There were a few instances like these across the country, where we took the call of shutting shops in those markets.

Our retail footprint is spread far and wide and the cost of servicing an isolated company store in a far flung region is huge. Very often, not worth the effort. Our next step will be to rationalize these operations and try and move isolated regions to a retail or franchising model.

We continue to delight customers and remain their go to destination to fulfill their gifting needs by a continuous flow of a variety of gifts for every pocket and occasion. This is borne out by the fact that established stores in stable markets continue to grow year on year.

The year gone by saw the introduction of GST, in the month of July. This widely awaited event bore out what we had always felt, that it would be good for organized trade. The cash economy would suffer, which in turn would only help organized players like us. With the government committed to rationalizing taxation slabs in GST, we see the economic scenario improving even further.

Our 2016 introduction of the fun concept of Desi Archies, with a view to capture Indian-ness in design has been a great success. We continue to expand the range of fun, quirky products, sourced from the hinterlands of India and have been enthused by customer response to the same. This has resulted in the roll out of Desi Archies products into almost all our stores across the country.

Hoping for a better tomorrow is fine, but without concrete action, that can remain as just hope and nothing else. We are working on a wide range of plans to strengthen our company and take it forward to higher levels and continue to engage with our customer in our endeavor to help them express themselves, to their loved ones.

Yours Truly

Anil Moolchandani  
Chairman & Managing Director  
Archies Limited

# Year At A Glance

(₹ in Lacs)

S. No.	Particulars	2017-2018	2016-2017*	2015-2016
1.	TOTAL TURNOVER	15782.07	18626.10	19572.88
2.	OTHER INCOME	202.39	212.10	111.35
3.	TOTAL EXPENDITURE	15586.94	18799.10	18531.63
4.	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)	397.52	120.19	1152.60
5.	PBDIT AS A % OF TOTAL TURNOVER	2.52	0.65	5.89
6.	FINANCE COSTS#	282.35	302.22	273.38
7.	DEPRECIATION	402.96	380.99	461.12
8.	PROFIT/ LOSS BEFORE TAX(PBT)	(287.79)	(563.02)	418.10
9.	PBT AS A % OF TOTAL TURNOVER	(1.82)	(3.02)	2.14
10.	EXTRAORDINARY ITEM	0.00	0.00	0.00
11.	PROFIT BEFORE TAX AFTER EXTRA ORDINARY ITEM	(287.79)	(563.02)	418.10
12.	PROVISION FOR TAXATION	(50.83)	(193.43)	128.83
13.	PROFIT AFTER TAX(PAT)	(236.96)	(369.59)	289.27
14.	PAT AS A % OF TOTAL TURNOVER	(1.50)	(1.98)	1.49
15.	PAID UP EQUITY SHARE CAPITAL	675.62	675.62	675.62
16.	RESERVES (EXCLUDING REVALUATION RESERVES)	9768.06	9995.15	10396.04
17.	NET WORTH	11754.78	10670.77	11071.66
18.	EARNING PER SHARE OF FACE VALUE ₹2 (IN ₹)	(0.70)	(1.09)	0.86
19.	BOOK VALUE PER SHARE OF FACE VALUE ₹2 (IN ₹)	34.80	31.59	32.78
20.	DIVIDEND(%)	NIL	NIL	NIL
21.	AMOUNT OF DIVIDEND	0.00	0.00	0.00
22.	RETURN ON AVERAGE NET WORTH(%)	(2.11)	(3.41)	2.64
23.	RETURN ON AVERAGE CAPITAL EMPLOYED(%)	(0.04)	(2.11)	5.04

\*As per the applicability of IND-AS the financial figures for financial year 2017-18 and 2016-17 are as per IND AS, whereas financial figures for financial year 2015-16 are as per IGAAP.

# Item No. 6- Finance cost was represented as interest in the previous years as the changes came into industries, the same has become finance cost therefore figures of no. (point 3,4,5 &7) for 2015-16 have also changed accordingly.



## ARCHIES LIMITED

CIN: L36999HR1990PLC041175

Regd. Office : 191F, Sector - 4, IMT Manesar Gurugram, Haryana - 122050

Tel No : +91 124 4966666 Fax No: +91 124 4966650

Website : www.archiesonline.com / Email id : gautam.verma@archiesonline.com

### NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the members of Archies Limited will be held at Manesar Club, Sector-5, IMT Manesar, Gurugram, Haryana-122050, on Friday, the 28th day of September, 2018 at 11.00 A.M to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2018 and Statement of Profit & Loss Account for the year ended on that date along with the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Mr. Jagdish Moolchandani (DIN-00016718) who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the appointment of auditors of the Company, and to fix the remuneration payable to them for the financial year ending March 31, 2019, as may be determined by the Board of Directors in consultation with the auditors, and that such remuneration and reimbursement of out of pocket expenses as may be agreed upon between the auditors and the Board of Directors.

Explanation : Under Section 139 of the Companies Act, 2013 ('the Act') and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. In line with the requirements of the Act, M/s J.P., Kapur & Uberai (FRN- 000593N), Chartered Accountants was appointed as the statutory auditors of the Company to hold the office for a period of five consecutive years from the conclusion of the 27th Annual General Meeting of the Company, till the conclusion of the 32nd Annual General Meeting subject to ratification by shareholders at the general meeting or as may be necessitated by the Act from time to time. The first year of audit was of the financial statements for the year ending March 31, 2018, which included the audit of the quarterly financial statements for the year. Accordingly, the appointment of M/s J.P., Kapur & Uberai (FRN- 000593N) is being placed before the shareholders for ratification.

**"RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on September 28, 2017, the appointment of M/s J.P., Kapur & Uberai (FRN- 000593N), Chartered Accountants as the auditors of the Company to hold office till the conclusion of the next AGM be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2019, as may be determined by the audit committee in consultation with the auditors, and that such remuneration and reimbursement of out of pocket expenses as may be agreed upon between the auditors and the Audit Committee/Board of Directors."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

#### SPECIAL BUSINESS

4. **APPOINTMENT OF MRS. PAYAL JAIN AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

To consider appointment of Mrs. Payal Jain as an Independent Director and in this regard, if thought fit, to pass with or without modifications the following Resolutions as an Ordinary Resolutions:

**"RESOLVED THAT** on the recommendation of the Nomination and Remuneration Committee & pursuant to the provisions of Sections 149, 150, 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mrs. Payal Jain (DIN: 08190694) who has submitted a declaration stating that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Article of Association of the Company and respect of whom, a notice under Section 160 of the Companies Act, 2013 has been received from a member proposing her candidature for the office of Director, Mrs. Payal Jain was appointed as an Additional Director by the Board of Directors, being eligible for appointment, be and is hereby appointed as a non-retiring (Independent & Non-Executive) Director of the Company for a period of 3(Three) consecutive years with effect from 10th August, 2018."

**"RESOLVED FURTHER THAT** the Board of Directors and Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required necessary & expedient and to delegate all or any of its powers herein conferred to any Committee of Director(s) to give effect to the aforesaid resolution."

Place : New Delhi  
Date : August 10, 2018  
Regd. Office : 191F, Sector - 4, IMT Manesar Gurugram, Haryana - 122050  
Tel No : +91 124 4966666 Fax No: +91 124 4966650  
Website : [www.archiesonline.com](http://www.archiesonline.com) / Email id : [archies@archiesonline.com](mailto:archies@archiesonline.com)

**By Order of the Board**

**Gautam  
Company Secretary  
&  
Compliance Officer  
M NO. : A30581**



#### NOTES:-

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to special business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF IN THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT EXCEEDING 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRING VOTING RIGHTS.
3. CORPORATE MEMBERS INTENDING TO SEND THEIR AUTHORIZED REPRESENTATIVES TO ATTEND THE MEETING ARE REQUESTED TO SEND A CERTIFIED COPY OF THE BOARD RESOLUTION TO THE COMPANY, AUTHORIZING THEIR REPRESENTATIVE TO ATTEND AND VOTE ON THEIR BEHALF AT THE MEETING.
4. The proxy, in order to be effective, must be deposited at the Corporate Office of the Company, C-113, Naraina Industrial Area, Phase-I, New Delhi-110 028 or its Registrar and Share Transfer Agent M/s Link Intime India (Private) Limited 44, Community Centre, 2nd Floor, Naraina Industrial area Phase-I, New Delhi-110028 not less than **forty eight** hours before the commencement of the meeting.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangement in which the directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 22th September, 2018 to 28th September, 2018 (both days inclusive) in connection with the AGM.
9. Members holding shares in physical form are advised to notify to the Registrar and Share Transfer Agent of the company of any change in their addresses immediately.
10. Members holding shares in De-mat form are advised to notify to their respective Depository Participant of any changes in their addresses immediately.
11. Members who are yet to register their email addresses with the Company or with the Depository are once again requested to register the same. The form for registration of email addresses with Company can be downloaded from the Company's website [www.archiesonline.com](http://www.archiesonline.com).
12. Members/Proxies/Authorized Representative is requested to produce the attendance slip, duly completed and signed in accordance with the specimen signatures registered with the Company for admission to the meeting hall.
13. Mandatory updation of Bank Details- SEBI has mandated that for making dividend payments, companies whose securities are listed shall use electronic clearing services. Companies/RTAs are required to seek relevant bank details of shareholders from depositories/ investors for making payment of dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide/update their bank details with the respective depository participants for the shares held in dematerialized form and with RTA in respect of shares held in physical form.
14. The SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant (S). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.  
Further Members may please note that Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number of all participants transacting in the securities market, irrespective of the amount of such transactions.
15. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the members holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in demat form may contact their respective Depository Participants for availing this facility.
16. Pursuant to the provisions of Section 124 of the Companies Act, 2013, any dividend, which remains unpaid or unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund ("IEPF").  
Further in view of the provisions of Section 125 of the Companies Act, 2013, unclaimed/ unpaid Dividend for the Financial Year 2010-11 shall be transferred to Investor Education and Protection Fund (IEPF). Members, who have not yet encashed their Dividend for the Financial Year ended 31 March, 2011 or any subsequent Financial Year(s), are requested to lodge their claims with the Company/RTA. Also the Shares on which dividends remain unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable rules.  
Members are advised that once the unclaimed dividend is transferred to the above fund, no claim shall lie from the company in respect there of.
17. Members may also note that the Notice of 28th AGM and the Annual Report of the Company be circulated to the Members of the Company, will be made available on the Company's website [www.archiesonline.com](http://www.archiesonline.com).
18. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment /re-appointment at the AGM, is furnished as annexure to the AGM Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
19. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days upto the date of AGM.

## VOTING PROCESS

### VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the members with facility to exercise their right to vote at the 28th Annual General Meeting by electronic means and the business may be transacted through the facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") as provided by Link Intime India Private Limited (LIPL).

The Board of Directors of the Company has appointed M/s NSP & Associates as the Scrutinizer for this purpose.

- II. That the facility for voting, through Ballot paper shall also be made available at the meeting & members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.
- III. That the Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

#### IV. E-Voting Instructions

- (i) The voting period begins at 9.00 A.M on 25th September, 2018 and ends on 5.00 PM on 27th September, 2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September, 2018, may cast their vote electronically. The e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter.

#### **Instructions for shareholders to vote electronically:**

##### • **Log-in to e-Voting website of Link Intime India Private Limited (LIPL)**

1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
  - a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
  - c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company
5. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

<b>For Shareholders holding shares in Demat Form or Physical Form</b>	
<b>PAN</b>	<b>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).</b> <ul style="list-style-type: none"><li>• <b>Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.</b></li></ul>
<b>DOB/ DOI</b>	<b>Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.</b>
<b>Dividend Bank Details</b>	<b>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number.</b> <ul style="list-style-type: none"><li>• <b>Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction 4(c).</b></li></ul>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.



### **If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

### **Cast your vote electronically**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting. Cast your vote by selecting appropriate option i.e. Favour/Against as desired.  
Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.
8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

### **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.  
They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
  - During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
  - Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
  - In case the shareholders have any queries or issues regarding e-voting, [please click here](#) or you may refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [insta.vote@linkintime.co.in](mailto:insta.vote@linkintime.co.in) or Call us :- Tel : 022 - 49186000.
- V. The Voting rights of the members shall be proportion to their share of the paid up Equity share capital of the Company as on cut off date 21st September, 2018.
  - VI. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the Annual General Meeting through Ballot Paper.
  - VII. The Chairman, shall at the Annual General Meeting, at the end of discussion on the Resolutions on which voting is to held, allow voting, with the assistance of scrutinizer, by use of "ballot paper" or "polling paper" for all those members who are present at the annual general meeting but have not cast their votes by availing the remote e-voting facility.
  - VIII. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - IX. The Results along with the Scrutinizer's Report shall be placed on the Company's website [www.archiesonline.com](http://www.archiesonline.com) and on the website of LIPL within 48 hours of the conclusion of the AGM of the Company and communicated to the Stock Exchanges.
  - X. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 21st September, 2018 may obtain the user ID and password by sending a request at [rajiv.ranjan@linkintime.co.in](mailto:rajiv.ranjan@linkintime.co.in) or [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in). However, if you are already registered with LIPL for remote-voting then you can use your existing user ID and password for casting your vote.

**13. DETAILS OF DIRECTORS RECOMMENDED FOR APPOINTMENT, RE-APPOINTMENT UNDER REGULATION 36(3) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS 2015 :-**

<b>Name of Director</b>	<b>Mr. Jagdish Moolchandani</b>	<b>Mrs. Payal Jain</b>
Age	64 Years	40 Years
Expertise In Specific functional areas	Over 42 years' of Management experience in the Social Expression Industry & one of the promoters of the Company.	Over 13 years' of experience in the Finance, Accounts, Taxation, Internal control and Reconciliation Projects
Qualifications	B.A.	FCA and B.Sc
Remuneration sought and last drawn	As mentioned in the Corporate Governance Report	N.A.
List of other Companies in which Directorships held	Nil	Nil
Chairman/ Member of committees of the Board of other Companies in Which he is a director	Nil	Nil
Shareholding in the Company (For Non-Executive Directors)	-	-
Relationship between Directors inter-se	Brother of Mr. Anil Moolchandani (Chairman & Managing Director) of the Company	

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

**Item No. 4**

On the recommendation of the Nomination and Remuneration Committee, the Board Members have appointed Mrs. Payal Jain as non-retiring Additional Director (Independent Category) in its Meeting held on 10 August, 2018. Further the Board of Directors recommends for the approval of members of the Company the appointment of Mrs. Payal Jain as an Independent Woman Director of the Company, in terms of Section 149, 150, 152, 160, 161 read with the Schedule IV of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, Article of Association of the Company and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 or any amendment/s thereto or modification/s thereof as set out in the Resolution relating to her appointment. She shall hold office upto the date of 28th Annual General Meeting and is eligible for being appointed as an Independent Director of the Company.

Mrs. Payal Jain, is Bachelor in Science and holds Fellow Membership of Institute of Chartered Accountant of India (ICAI). She is having over 13 years of rich experience of working as Tax & Audit Consultant. Being a qualified Professional have a wide understanding of the Audit requirements, observations, validating process and conducting verification of Books of accounts. Well versed with evaluating the Internal Control Systems, risk management and mitigation strategies. She also worked as the Manager- Accounts in Dainik Jagran (Newspaper), Bhopal with key area of profile in maintainance and reconciliation of accounts as well as preparing reports, documentation, posting complex journal entries and cost allocations. She is holding the diverse experience in the field of working in both the corporates and practice & thus holds immense knowledge.



The Company has received notice in writing under the provisions of Section 160 of the Companies Act 2013 from a member along with a deposit of ₹ 1,00,000/- proposing the Candidature of Mrs. Payal Jain for the office of Director.

The Board of Directors is of opinion that Mrs. Payal Jain meets the criteria of Independence and fulfil the Conditions for appointment as Independent Director in terms of the Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013. She has also submitted her willingness to act as Director of the Company. Considering her rich experience, Members are requested to consider her candidature for Independent Director.

Mrs. Payal Jain shall hold the office for a period of 3 (three) years with effect from 10 August, 2018.

The Company has received following documents from Mrs. Payal Jain proposed to be appointed as Independent Director:

I) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

II) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, under Section 164(2) to the effect that she is not disqualified under the Companies Act, 2013.

III) A declaration to the effect that she meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A copy of appointment letter of Mrs. Payal Jain as Independent Director, setting out her terms and conditions would be open for inspection by any Member without any fee, at the Registered Office of the Company during normal business hours on any working day and shall also be available for inspection throughout the continuance of 28th Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested with this resolution.

The Board hereby recommends the resolution as set out at Item No. 4 for consideration and approval of the members of the Company by way of Ordinary Resolution.

**By Order of the Board**

Place : New Delhi  
Date : August 10, 2018  
Regd. Office : 191F, Sector - 4, IMT Manesar Gurugram, Haryana - 122050  
Tel No : +91 124 4966666 Fax No: +91 124 4966650  
Website : [www.archiesonline.com](http://www.archiesonline.com) / Email id : [archies@archiesonline.com](mailto:archies@archiesonline.com)

**Gautam  
Company Secretary  
&  
Compliance Officer  
M NO. : A30581**

## DIRECTORS REPORT

To The Members,

Your Directors have great pleasure in presenting Twenty Eighth Annual Report of the Company together with the Audited Annual Accounts for the year ended 31st March 2018.

### PERFORMANCE REVIEW

During the year under review your Company recorded Revenue from Operations of ₹ 15782.07 lacs as compared to ₹ 18626.10 lacs in the previous year showing a decrease of 15.27%. The net profit / loss after tax stood at ₹ (236.96) lacs in the current financial year as against ₹ (369.59) lacs in the previous financial year, showing an improvement of 35.89%.

In the challenging market scenario there has been slight dip in the Sales and the Profitability of the Company. Company closed the operations of the FMCG segment. A part of dip is on account of change in the indirect tax structure in the Country. The Revenue from Operations of the Company constitutes of:

- The Turnover of the gift segment is ₹ 10434.92 lacs as compared to ₹ 12257.42 lacs previous year, down by 14.87%.
- The Turnover of the Greeting card segment is ₹ 2742.43 lacs as compared to ₹ 3340.87 lacs previous year, down by 17.91%.
- The stationery sale is ₹ 2333.67 lacs as compared to ₹ 2703.88 lacs in the previous year, down by 13.69%.

The Company owned / managed stores have significantly contributed towards Revenue from Operations and the profits.

### FINANCIAL HIGHLIGHTS

### FOR THE YEAR ENDED

	31 MARCH 2018	31 MARCH 2017
Income from Operations	15782.07	18626.10
Other Income	202.39	212.10
Total Expenditure	15586.94	18718.01
Operating profit (PBDIT)	397.52	120.19
Finance Costs	282.35	302.22
Depreciation	402.96	380.99
Profit / loss before Tax (PBT)	(287.79)	(563.02)
Provision for taxation		
Current	-	-
Deferred	(50.83)	(193.43)
Profit / loss after Tax	(236.96)	(369.59)
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	NIL	NIL
Final Dividend (Proposed)	NIL	NIL
Tax on Proposed Dividend	NIL	NIL
Provision for Corporate Social Responsibility Activities	NIL	12.13
Profit Carried Forward	(236.96)	(381.72)

### FINANCIAL ACCOUNTING AND ADOPTION OF IND AS

The Ministry of Corporate Affairs (MCA) has notified phase- wise road map for the adoption of Indian Accounting Standard ("Ind AS"), converged with International Financial Reporting Standards (IFRS), vide its notification date 16th February, 2015, announcing the Companies (Indian Accounting Standards) Rules, 2015, as amended by Indian Accounting Standards ("Ind AS") Rules 2016 and 2017 for application of the Ind AS.

Accordingly, your Company has adopted Ind AS with effect from the FY 2017-18. Your Company maintains highest Standards of Corporate Governance and recognizes that Financial Statements are important source of information for the Shareholders and other Stakeholders.

The Financial Statements for the FY 2017-18 are the First Financial Statements with comparatives prepared under Ind AS. Notes to Standalone Financial Statements provide further explanation on the transition to Ind AS.

### DIVIDEND

In view of the inadequate profit, during the year and need to conserve resources for the expansion of the business of your Company, Board expresses its inability to declare any dividend for the financial year 2017-2018.

### TRANSFER OF UNPAID UNCLAIMED DIVIDEND AND SHARES TO IEPF

During the FY 2017-18, unclaimed dividend for FY 2009-10 amounting to Rs.1,50,632 (Rupees One Lac. Fifty Thousand Six Hundred Thirty Two only) was transferred to the Investor Education and Protection Fund (IEPF), pursuant to the provisions of Section 124(5) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time).

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the rules mentioned aforesaid, all shares in respect of which dividend has not been paid or claimed for 7 (Seven) consecutive years or more were also transferred in the name of IEPF after requisite notice to concerned Shareholders. Details of such transferred shares are available at the Company's website i.e [www.archiesonline.com](http://www.archiesonline.com) under "Investors" section and such shares can be claimed back from IEPF authority after following the prescribed procedure.



## **RETAIL EXPANSION**

The Company is constantly putting efforts to boost the sales via various schemes, promotional campaigns and advertisements. It has managed to open a number of outlets across the Country, in various malls and on high street ends. The Company has successfully managed to set up 18 retail outlets and as on 31st March 2018 the numbers of Company owned / managed stores were 217.

Considering the current scenario, Your Company has tied up with new affiliates like Paytm, Talash.com and one major ecommerce portal, "Amazon.in" for expansion on market place to wider their reach. As you all are aware that Amazon is a big market place and day by day we are getting a good presence over there. Remember that e-Commerce is faster, cheaper, and more convenient than the traditional methods of selling products nowadays. Your company will be able to operate your products marketing and your products selling online. Company is not only focusing on selling the gifting products but also the home decor products through E-commerce channel. Through E commerce channels your company is trying to achieve a new level where they are targeting a 12% of Business in the year 2018-19.

Your Company will continue with its efforts to open new outlets across India. With expectation of improvement in economy, your Company has plans to open 25 more stores of the Company during the year 2018-19.

## **CORPORATE GOVERNANCE**

As per SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, a separate section on Corporate Governance and Management Discussion and Analysis Report together with a certificate from the Company's Auditors confirming compliance is set out in the annexure forming part of this report.

In compliance with the Corporate Governance requirements, the Company has implemented a Code of Conduct for all its Board Members and Senior Management Personnel, who have affirmed compliance thereto. The said Code of conduct has been posted on the Company's website.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of the knowledge and belief and according to the information and explanation obtained, your Directors make the following statements in terms of section 134(3) & (5) of the Companies Act, 2013:

- (i) That in the preparation of the annual accounts for the year ended 31st March 2018 the applicable Accounting Standards have been followed, along with proper explanation relating to material departures, if any;
- (ii) That such accounting policies as mentioned in the Notes to Accounts, have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view to the state of affairs of the Company as at 31st March, 2018 and of the profit and loss of the Company for that period.
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the annual accounts have been prepared on a going concern basis;
- (v) That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **DIRECTORS**

Pursuant to the provisions of section 152 of the Companies Act, 2013, atleast two-third of the Directors shall be subject to retirement by rotation out of which, one-third of such Directors must retire from office at each Annual General Meeting of the shareholders and a retiring director is eligible for re-election. Accordingly, Mr. Jagdish Moolchandani retires by rotation and being eligible, has offered to be re-appointed at the ensuing Annual General Meeting.

The Board met four times during the year under review. Meetings were held on 25th May 2017, 10th August 2017, 30th November 2017 and 31st January 2018.

All Independent Directors have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and under SEBI (Listing obligations and Disclosure Requirements), Regulations 2015 with the Stock Exchanges.

The Board of Directors in its meeting held on 25th May 2017, approved the re-appointments of following directors as under:-

- a) Mr. Dilip Seth was re-appointed as Whole Time Director (Director Finance & CFO) of the Company for a further period of 2 (two) years with effect 05.08.2017.
- b) Mr. Anil Moolchandani was re-appointed as Chairman and Managing Director of the Company for a further period of 2 (two) years with effect 29.06.2017.

\*Mr. P.K. Chadha, Independent Director of the Company deceased on 23rd June 2017 and thus ceased to be a Director of the Company.

\*\*Dr. Bhavna Chadha, Independent Director of the Company resigned w.e.f 10th August 2018 . Further, Mrs. Payal Jain is appointed as an additional Director of the Company w.e.f 10th August 2018 .

## KEY MANAGERIAL PERSONNEL

The details of the Key Managerial personnel are as under:

S. No.	Name	Designation
1.	Mr. Anil Moolchandani	Chairman and Managing Director
2.	Mr. Dilip Seth	Director (Finance) & CFO
3.	Mr. Seshan Ranganathan* (resigned as Chief Executive Officer w.e.f. 10.08.2017)	Chief Executive Officer
4.	Mr. Gautam	Company Secretary

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board, in consultation with its Nomination & Remuneration Committee has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committee and Individual Directors, including Independent Directors.

A structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

Board members had submitted response on a scale of 4 (outstanding) - 1 (needs improvement) for evaluating the entire Board, respective Committees of which they are members and of their peer Board members, including Chairman of the Board.

The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of Non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance.

The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated.

\*In order to enhance the effectiveness of the performance evaluation, few criterias with the approval of the Board of the Company in its meeting held on 25.05.2017, were added in the existing evaluation mechanism.

The Board of Directors expressed their satisfaction with the evaluation process.

## SUCCESSION PLANNING

The Nomination and Remuneration Committee works with the Board on the Succession plan and prepares for the succession in case of any exigencies.

## NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the Financial Year 2017-18 forms part of the Corporate Governance Report.

## AUDITORS

Under Section 139 of the Companies Act, 2013 ('the Act') and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. In line with the requirements of the Act, M/s J.P., Kapur & Uberai (FRN- 000593N), Chartered Accountants was appointed as the statutory auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 27th Annual General Meeting of the Company, till the conclusion of the 32nd Annual General Meeting subject to ratification by shareholders at the general meeting or as may be necessitated by the Act from time to time. The first year of audit was of the financial statements for the year ending March 31, 2018, which included the audit of the quarterly financial statements for the year. Accordingly, the appointment of M/s J.P., Kapur & Uberai is being placed before the shareholders for ratification.

The Board of Directors have recommended to appoint M/s J.P., Kapur & Uberai, Chartered Accountants, the Statutory Auditors of the Company to audit the accounts of the Company for the financial year 2018-19.

The Notes on Financial Statements referred to in the Auditor's Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## AUDITOR'S REPORT

The Notes on Financial Statements referred to in the Auditor's Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## COST AUDITORS

As per the new Companies (Cost Records and audit) Rules 2014 the appointment of Cost Auditor is not required for your Company.

## INTERNAL FINANCIAL CONTROLS

In terms of section 134 of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has an Internal Financial Control system in relation to the policies and procedures adopted by the Company. The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.



## **RISK MANAGEMENT**

Your Company is well aware of risks associated with its business operations. Comprehensively risk management system is being put in place involving classification of risk, adoption of risk management measures and a strong mechanism to deal with potential risks and situation leading to a rise of risks in an effective manner.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo information are given in Annexure 'A' to the Directors' Report, in terms of the requirements of Section 134 (3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92(3) of the Companies Act, 2013 is annexed herewith as Annexure-B and forms an integral part of this report.

## **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board has appointed M/s. Dayal & Maur, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith as Annexure C to this Report and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## **EMPLOYEES' REMUNERATION**

None of the Employees drew the salary more than the prescribed limit i.e. ₹1.02 Crores in a year for the financial year 2017-18 as per the provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **NOMINATION AND REMUNERATION POLICY**

The Board of Directors have constituted Nomination and Remuneration Committee pursuant to section 178 of Companies Act, 2013 and regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 comprising Mr. Sunil Behl (Chairperson), Dr. Bhavna Chadha and Mr. Arun Singhal as members of the Committee. Dr. Bhavna Chadha, member of the Committee resigned w.e.f 10.08.2018. Further the vacancy created was filled by the appointment of Mrs. Payal Jain as the member of the Committee w.e.f 10.08.2018. The Board of Directors has formulated a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy also lays down the criteria for selection and appointment of Board Members. The details of the Policy forms a part of this report as Annexure - D and the Details/Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration as Annexure - E The Nomination and Remuneration Policy is available on our website at the link- <https://www.archiesonline.com/htdocs/nomination-remuneration-policy.pdf>.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Board of Directors of the Company have constituted Corporate Social Responsibility (CSR) committee pursuant to Section 135 of Companies Act, 2013, schedule VII, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant rules and provisions comprising Mr. Sunil Behl (Chairperson), Mr. Anil Moolchandani and Mr. Dilip Seth as members of the Committee on 16th May, 2014. The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a CSR Policy indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The Corporate Social Responsibility policy is available on our website at the link, <https://www.archiesonline.com/htdocs/csr.pdf>

During the year, under review the Company has spent ₹ 9,00,000/- on CSR activities against the balance unspent amount of ₹ 7,63,363. The Annual Report on CSR activities is annexed herewith as Annexure - F.

## **FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS**

All new Independent Directors inducted into the Board as well as the existing Independent Directors are to attend an orientation programme to be updated in relation to the affairs of the Company, its functioning and challenges. The details of familiarization programme imparted to independent directors is available on our website at the link <https://www.archiesonline.com/htdocs/details of familiarization programme.pdf>

## **WHISTLE BLOWER POLICY/VIGIL MECHANISM**

The Board at its meeting, held on 16th May, 2014, adopted a Whistle Blower Policy/Vigil Mechanism in accordance with the provisions of the Companies Act 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which provides a formal mechanism for all directors, employees and other stakeholders of the Company, to report to the management their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Business Code of Conduct. The Policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Business Code of Conduct.

The Whistle Blower policy is also available on our website at the link, <https://www.archiesonline.com/htdocs/Whistle-blower-policy-ARCHIES-LIMITED.pdf>.

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Board of Directors of the Company have constituted Internal Complaint Committee who will hear and redress the complaint made in writing by any aggrieved woman of sexual harassment at workplace as per the "Sexual Harassment of Woman At Workplace (Prevention, Prohibition and Redressal) Act, 2013". The Policy is also available on our website at the link, <https://www.archiesonline.com/htdocs/Sexual-Harassment-Policy.pdf>.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Woman At Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **AUDIT COMMITTEE**

The Audit Committee as on 31st March, 2018 comprises Independent Directors namely Mr. Sunil Behl, Mr. Arun Singhal and Dr. Bhavna Chadha. All the recommendations made by the Audit Committee were accepted by the Board. Further, Dr. Bhavna Chadha, member of the Committee resigned w.e.f 10.08.2018. Further the vacancy created was filled by the appointment of Mrs. Payal Jain as the member of the Committee w.e.f 10.08.2018.

### **RELATED PARTY TRANSACTIONS**

All transactions entered with the Related Parties for the year under review were on arm's length basis and in the ordinary course of business. Thus disclosure in Form AOC-2 is not required. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

All related party transactions are placed before the Audit Committee as also to the Board for approval. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board is available on our website at the link, <https://www.archiesonline.com/htdocs/transactionPolicy.pdf>.

Your Directors draw attention of the members to Note 33 to the financial statement which sets out related party disclosures.

### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Pursuant to the regulation 34 (2) (e) of SEBI (Listing Obligations and Disclosure Requirement), Regulations 2015, a Management discussion and analysis report is annexed to this report.

### **PUBLIC DEPOSITS**

During the year, your Company has not accepted and/or renewed any public deposits in terms of the provisions of the Companies Act, 2013.

### **PARTICULARS OF LOANS GIVEN, INVESTMENT MADE AND GUARANTEES GIVEN**

During the year under review the Company has not granted any loans and Investment made and given guarantee under the provisions of Section 186 of the Companies Act, 2013.

### **INDUSTRIAL RELATIONS**

The relations between the Company and its employees continued to be cordial and harmonious throughout the year under review.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

### **STATUS OF LISTING FEES**

Your Company has been regularly paying listing fees to the BSE & NSE, Mumbai where its Equity Shares are listed.

### **ACKNOWLEDGEMENT**

Your Directors would like to take this opportunity to express their sincere thanks to its valued franchisees, distributors, C & F agents, collaborators, bankers, Government authorities, customers and all other business associates for their continued co-operation and patronage.

The Directors would also like to express their deep sense of appreciation to all the employees who are committed to strong work ethics, excellence in performance and commendable teamwork and have thrived in a challenging environment. The Directors wish to express their gratitude to the valued shareholders for their unwavering trust and support.

Place : Delhi  
Date : August 10, 2018

**For and on behalf of the Board**

**Anil Moolchandani**  
Chairman and Managing Director  
(DIN-00022693)



## ANNEXURE 'A' TO THE DIRECTORS' REPORT

### A) Conservation of Energy

Energy conservation continues to be an area of emphasis and is regularly monitored. The Company's plant has been designed in such a manner so as to achieve a high efficiency in the utilization of energy. The key areas with respect to reduction of energy were identified and necessary steps initiated.

#### Measures Taken for Improvement

The Company is also engaged in continuous process of energy conservation through improved operational and maintenance practices. Following are the brief steps taken by the Company for conservation of energy at its outlets:-

1. All the Store managers are regularly made aware about the energy consumption of their store based on their connected load and trained to make maximum utilization of energy and minimize wastages.
2. Controlled the energy consumption of Air conditioners by optimizing the temperature inside the stores (25.C). Company is installing only 5 Star rated Air conditioners in the outlets to minimize electricity consumption.
3. In new stores only LED lights are installed instead of CFL bulbs.
4. Company has installed Capacitors bank to maintain the power factor to reduce the losses on the energy bills.
5. Optimized lighting consumption by strictly controlling the operating hours as per the usage pattern.
6. The Company has also installed 72 KW rooftop Solar energy plant at its Factory at Manesar which is operational from July, 2015 and functioning well.
7. The Company has installed 40 KW rooftop Solar energy plant at the corporate office of the Company which is operational from February 2017.

### B) Technology Absorption

#### Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation  
The Company has a tie-up with Hallmark Cards Inc. (which is incidentally one of the world leaders in the greeting card business) for sourcing of designs. The company also remains in touch with number of other Companies across the world, which helps in keeping abreast with the latest happening in the world in printing technology, latest designing trends in cards & various other paper products, latest fashions in the gift segment etc.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.  
As a result of these efforts, the Company has been able to achieve higher production, accuracy and perfection in printing and to develop and introduce latest products.
3. In case of imported technology (imported during the last 5 years), following information may be furnished:  
Not applicable
  - (a) Technology imported
  - (b) Year of import
  - (c) Has technology been fully absorbed?
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.
4. Expenditure on R & D  
Not applicable

### C) Foreign Exchange earnings and outgo

- a) Activities relating to exports initiative taken to increase exports, development of new export markets for products and services and export plans;  
During the year the Company exported its products to Sri Lanka, Bangladesh, UK, Kenya, United States of America, Australia, Egypt, Kuwait, UAE, Oman and Philippines. Plans are also underway to take active participation in exhibitions and fairs to reach new markets and thus enhancing sales.

#### b) Total foreign exchange used and earned

	FOR THE YEAR ENDED	
	31st March 2018	31st March 2017
(A) Total Foreign Exchange Earned	143.39	167.83
(B) Total Foreign Exchange Used	1579.87	2357.76

**ANNEXURE 'B' TO THE DIRECTORS' REPORT**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March, 2018**

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

i. CIN	L36999HR1990PLC041175
ii. Registration Date	22.05.1990
iii. Name of the Company	Archies Limited
iv. Category / Sub-Category of the Company	Company having share capital
v. Address of the Registered office and contact details	191F, Sector-4, IMT Manesar, Gurugram Haryana-122050 Tel No. 0124-4966666, Fax No. 0124-4966650.
vi. Whether listed Company (Yes /No)	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>LINK INTIME INDIA (PRIVATE) LIMITED</b> 44, Community Centre, IInd Floor, Naraina Industrial Area, Phase-I, New Delhi-110028 <b>Contact Person</b> Mr. Swapan Kumar Tel : 011-41410592

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacture of Paper and Paper Products	170	17.53%
2.	Retail Sale of other Goods in Specialized Stores	477	82.47%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable Section
1.	NONE				
2.					
3.					

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**

**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	20454600	0	20454600	60.55	20504600	0	20504600	60.70	0.15
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):</b>	20454600	0	20454600	60.55	20504600	0	20504600	60.70	0.15



Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% Change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total Shares	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (a) (2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	20454600	0	20454600	60.55	20504600	0	20504600	60.70	0.15
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	81500	0	81500	0.241	58910	0	58910	0.17	(0.07)
c) Central Govt	0	0	0	0.00	69161	0	69161	0.20	0.20
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	75000	0	75000	0.22	75000	0	75000	0.22	0.00
g) FIs	0	1500	1500	0.004	0	0	0	0.00	(0.004)
h) Foreign Venture Capital	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others (Specify)	500	0	500	0.0015	500	0	500	0.0015	0.00
<b>Sub-total (B)(1):-</b>	157000	1500	158500	0.472	203571	0	203571	0.60	0.13
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i. Indian	1285670	13505	1299175	3.846	1756305	12000	1768305	5.234	1.388
ii. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8999123	299386	9298509	27.526	9110902	228343	9339245	27.647	0.121
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1326846	0	1326846	3.927	670681	0	670681	1.985	(1.942)
<b>c) Others (specify)</b>									
<b>Trusts</b>	0	0	0	0.0	0	0	0	0	0.00
<b>Directors &amp; Their Relatives</b>	7225	0	7225	0.021	6500	0	6500	0.019	(0.002)
<b>Non-resident Indian</b>	411055	500	411555	1.218	457269	0	457269	1.354	0.136

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
Clearing Members	396579	0	396579	1.174	354645	0	354645	1.049	(0.124)
Foreign Portfolio Investors (Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
HUF	426411	0	426411	1.261	474584	0	474584	1.404	0.143
Foreign Nationals	600	0	600	0.0018	600	0	600	0.0018	0.00
Sub-total (B)(2):-	12853509	313391	13166900	38.97	12831486	240343	13071829	38.69	(0.281)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	13010509	314891	13325400	39.45	13035057	240343	13275400	39.299	(0.148)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	33465109	314891	33780000	100	33539657	240343	33780000	100.00	0.00

#### ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change in Share Holding During the Year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / Encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of shares Pledged / Encumbered to total Shares	
1.	Mr. Anil Moolchandani	6793900	20.11	0.00	6843900	20.26	0.00	0.15
2.	Mr. Jagdish Moolchandani	4253230	12.59	0.00	4253230	12.59	0.00	0.00
3.	Mrs. Pushpa Moolchandani	2964250	8.78	0.00	2964250	8.78	0.00	0.00
4.	Mr. Varun Moolchandani	1630750	4.82	0.00	1630750	4.82	0.00	0.00
5.	Mr. Karan Moolchandani	1852000	5.48	0.00	1852000	5.48	0.00	0.00
6.	Mr. Raghav Moolchandani	1808120	5.35	0.00	1808120	5.35	0.00	0.00
7.	Mrs. Neeru Moolchandani	1005000	2.98	0.00	1005000	2.98	0.00	0.00
8.	Mrs. Mansi M Chandok	147350	0.44	0.00	147350	0.44	0.00	0.00
	Total	20454600	60.55	0.00	20504600	60.70	0.00	0.15

#### iii. Change In Promoters' Shareholding ( Please Specify, If There Is No Change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the Beginning of the year	20454600	60.55	20454600	60.55
	At the End of the year	20504600	60.70	20504600	60.70



iv. Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Equity Intelligence India (P) LTD.	0	0.00	400000	1.1841
2	Gaurav Manocha	178000	0.5269	178000	0.5269
3	IL & FS Securities Services Ltd.	44535	0.1318	132692	0.3928
4	Sharda Goyal	122650	0.3631	115854	0.3430
5	Karvy Stock Broking Ltd.	56310	0.1667	101674	0.3010
6	Murli N. Baheti	99000	0.2931	99000	0.2931
7	Angel Broking (P) Ltd.	60148	0.1781	84719	0.2508
8	M.S. Kadian	100000	0.2960	84000	0.2487
9	Edelweiss Broking Ltd.	1411	0.0042	78193	0.2315
10	National Insurance Co. Ltd.	75000	0.2220	75000	0.2220

iv. Shareholding of Directors and key Managerial Personnel:

Sl. No.	Name of Directors/ Key Management Personnel	Shareholding		Date	Increase/Decrease In Shareholding	Reason	Cumulative Shareholding during the year (01-04-17 To 31-03-2018)	
		No. of Shares at the beginning (01-04-17) /at the end of the year (31-03-2018)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Mr. Anil Moolchandani* Chairman and Managing Director	6793900	20.11	01-Apr-17	50000	Purchase of shares	6793900	20.11
		6843900	20.26	31-Mar-18			6843900	20.26
2	Mr. Jagdish Moolchandani Executive Director	4253230	12.59	01-Apr-17	0	NIL movement during the year	4253230	12.59
		4253230	12.59	31-Mar-18			4253230	12.59
3	Mr. Dilip Seth** Director (Finance) & CFO	4725	0.0144	01-Apr-17	(725)	Sale of Shares	4725	0.0144
		4000	0.0118	31-Mar-18			4000	0.0118
4	Mr. Sunil Behl (Director)	1000	0.003	01-Apr-17	0	Nil movement during the Year	1000	0.003
		1000	0.003	31-Mar-18			1000	0.003
5	Mr. Prem Kumar Chadha (Director)	0	0	01-Apr-17	0	Nil movement during the year	0	0
		0	0	31-Mar-18			0	0

Sl. No.	Name	Shareholding		Date	Increase/Decrease In Shareholding	Reason	Cumulative Shareholding during the year (01-04-17 To 31-03-2018)	
		No. of Shares at the beginning (01-04-17) /at the end of the year (31-03-2018)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
6	Dr. Bhavna Chadha (Director)	0	0	01-Apr-17	0	Nil movement during the year		
		0	0	31-Mar-18			0	0
7	Mr. Arun Singhal (Director)	0	0	01-Apr-17	0	Nil movement during the year	0	0
		0	0	31-Mar-18			0	0
8	<b>Key Managerial Personnel</b> Mr. Seshan Ranganathan Chief Executive Officer***	0	0	01-April-17	0	NIL movement during the year	0	0
		0	0	31-Mar-18			0	0
9	Mr. Gautam Company Secretary	0	0	01-April-17	0	Nil movement during the year	0	0
		0	0	31-Mar-18			0	0

\* Mr. Anil Moolchandani purchased shares of the Company as per the following details:-  
1. Purchase of 20,000 Equity shares on 08.12.2017 & further 20,000 Equity shares on 11.12.2017  
2. Purchase of 10,000 Equity shares on 28.12.2017

\*\* Mr. Dilip Seth sold 725 shares of the Company as on 05.07.2017.

\*\*\* Mr. Seshan Ranganathan resigned as Chief Executive Officer (CEO) of the Company w.e.f. from 10.08.2017.

# Further Mr. Anil Moolchandani purchased 50,000 Equity shares on 09.07.2018



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In ₹)

Particulars	Secured Loans	Unsecured	Deposits	Total Indebtedness Loans
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	153217448.1	-	-	153217448.1
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	300720.41	-	-	300720.41
<b>Total (i + ii + iii)</b>	<b>153518168.5</b>	-	-	<b>153518168.5</b>
<b>Change in Indebtedness during the financial year</b>				
•Addition, net	2416303320	-	-	2416303320
•Reduction, net	2403937448	-	-	2403937448
<b>Net Change</b>	<b>12365872.15</b>	-	-	<b>12365872.15</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	124083320.2	41500000.00	-	165583320.2
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	22790.64	-	-	22790.64
<b>Total (i + ii + iii)</b>	<b>124106110.9</b>	<b>41500000.00</b>	-	<b>165606110.9</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Anil Moolchandani Chairman and Managing Director	Mr. Dilip Seth Director (Finance) & CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income - tax Act, 1961	3315900.00 21600.00 NIL	2467487.00 21600.00 NIL	5783387.00 43200.00 NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - Others, specify...	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	<b>Total (A)</b>	<b>3337500.00</b>	<b>2489087.00</b>	<b>5826587.00</b>

### B. Remuneration to other directors:

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Sunil Behl	Mr. Prem Kumar Chadha	Mr. Arun Singhal	Dr. Bhavna Chadha	
1.	Independent Directors • Fee for attending board /committee meeting • Commission • Others, please specify	58,500 - -	15,750 - -	54,000 - -	45,000 - -	1,73,250 - -
	Total (1)	58,500	15,750	54,000	45,000	1,73,250
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	- - -	- - -	- - -	- - -	- - -
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	58,500	15,750	54,000	45,000	1,73,250

\* Including Service Tax



C. Remuneration to key managerial personnel other than MD/Manager/WTD

(In ₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Seshan Ranganathan Chief Executive Officer (CEO) (Ceased to be the CEO of the company w.e.f. 10-08-17)	Mr. Gautam Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,37,760.00	6,72,046.00	30,09,806.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission • as % of profit • Others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	23,37,760.00	6,72,046.00	30,09,806.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the	Brief	Details of	Authority
Appeal made, if Description	Penalty/	[RD/NCLT/	any (give details) Punishment /Compounding fees imposed	Companies Act COURT]
<b>A. COMPANY</b>				
Penalty				/
Punishment				
Compounding				
<b>B. DIRECTORS</b>				
Penalty				/
Punishment				
Compounding		N I L		
<b>C. OTHER OFFICERS IN DEFAULT</b>				
Penalty				/
Punishment				
Compounding				

## ANNEXURE 'C' TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2018

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

**The Members,  
Archies Limited**

**191 F, Sector-4, IMT Manesar, Gurgaon, Haryana-122050**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Archies Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. We have also relied on the Reports of the Statutory Auditors and Internal Auditors, drawn for the financial year under review, wherever considered necessary.

Based on our verification of Archies Limited's books, papers, minute books, forms and re-turns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Archies Limited for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. Overseas Direct Investment and External Commercial Borrowings;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also verified the compliances of the Company with the other statutes, which are specifically applicable to the Company, as reported by the management thereof, except to the extent the same were in the scope of work of the Statutory Auditors and / or Internal Auditors.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Depositories Act, 1996
- (iii) SEBI LODR (Listing Obligations and Disclosure Requirements) Regulations, 2015 During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations under the respective statutes as aforementioned.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : New Delhi

Date : August 08, 2018

for DAYAL & MAUR  
Company Secretaries

SHAILESH DAYAL  
Partner  
FCS No. 4897  
CP No. 7142

#### Annexure A'

To ,  
The Members,  
Archies Limited  
191 F, Sector-4, IMT Manesar, Gurgaon, Haryana-122050

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place: New Delhi**

**Date:** August 08, 2018.

For **DAYAL & MAUR**  
Company Secretaries

**SHAILESH DAYAL**  
Partner  
FCS No. 4897  
CP No. 7142

## ANNEXURE 'D' TO THE DIRECTORS' REPORT

### NOMINATION AND REMUNERATION POLICY

Section 178 of the Companies Act, 2013 ("**Act**") requires the Nomination and Remuneration Committee ("**Committee**") to recommend a policy for nomination of Directors, KMP, SM who report to the board of directors ("**Board**") and remuneration of Directors, KMP, SM and other employees. This policy has been recommended by the Nomination and Remuneration Committee and adopted by the Board at its meeting held on 20th May, 2015. It came into effect on 20th May, 2015 and superseded the existing Compensation and Remuneration policy of the Company. The policy harmonises the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 entered into by the Company with the stock exchanges on which its shares are listed ("**LODR, 2015**") The Company considers its human resources as its invaluable assets. This policy has been formulated so as to align the aspirations of the employees with the goals of the Company and with a view to provide an overall comprehensive framework to nominate Directors, KMP and SM and pay fair and equitable remuneration to its Directors, KMP, SM and other employees.

For the purposes of this policy, the following terms will have the meaning prescribed to them below:

1. "**Key Managerial Personnel or KMP**" shall mean - (i) the Chief Executive Officer or the Managing Director or the Manager; (ii) the Company Secretary; (iii) the Whole-time Director; (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed in the Act.

2. "**Senior Management or SM**" shall mean those personnel of the Company who are members of its core management team excluding the Board, comprising all members of management one level below the Executive Directors, including the functional heads.

#### PART A - NOMINATION POLICY

##### 1. Eligibility Criteria for Nomination of Directors

1.1 A Director should:

- comply with the eligibility criteria stipulated in the Articles of Association of the Company and Section 164 of the Act;
- have relevant experience and track record in finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to Company's business and relevant to the role he/she is required to perform;
- possess the highest personal and professional ethics, integrity, values and stature; and
- be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

1.2 A Managing Director or Whole-time Director or Manager should in addition to the above:

- fulfil the conditions specified in Section 196 read with Schedule V of the Act.

1.3 An independent Director should:

- comply with the eligibility criteria stipulated in the Articles of Association of the Company, Section 164 & 149(6) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

##### 2. Eligibility Criteria for Appointment of KMP and SM

2.1 A KMP and SM should:

- have relevant experience and track record in finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to Company's business and relevant to the role he/she is required to perform;
- possess the highest personal and professional ethics, integrity and values; and
- devote sufficient time and energy in carrying out his /her duties and responsibilities.

##### 3. Diversity

3.1 The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. The Committee will periodically review board diversity to bring in expertise and experience in diverse areas and disciplines to improve the standards of corporate governance, transparency and operational efficiency and risk management. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Committee will discuss succession planning and board diversity at the time of nominating Directors. It will be the Committee's endeavour to have Board members from diverse backgrounds/disciplines including the following:

- Accounting;
- Corporate Finance;
- Legal;
- Corporate laws;
- Information Technology;
- Business Strategy;
- Engineering and
- Any other background/discipline as deemed necessary by the Committee.



#### 4. Tenure of Directors

The Directors of the Company are appointed / re-appointed by the Board on the recommendations of the Nomination and Remuneration Committee and approval of the Members at the General Meetings. In accordance with the Articles of Association of the Company, all Directors, except the Managing Director and Independent Directors of the Company, are liable to retire by rotation at the AGM each year and, if eligible, offer themselves for re-election. The Executive Directors on the Board have been appointed as per the provisions of the Companies Act, 1956 / Companies Act, 2013 and serve in accordance with the terms of their contract of service with the Company

As regards the appointment and tenure of the Independent Directors, following is the policy adopted by the Board:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and the Listing Regulations.
- The Independent Directors will serve a maximum of two terms of five years each, after the introduction of the Companies Act, 2013.
- The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013 and the Listing Regulations.
- In accordance, with the recently notified changes in the Listing Regulations, the Company shall ensure that the appointment of any Non-Executive Director who has attained the age of 75 years is approved by the Members by way of a Special Resolution.

#### 5. Evaluation Criteria and Mechanism

5.1 The performance of the Directors shall be evaluated in the context of the Company's performance from a business and compliance perspective. The criteria to be used in the evaluation of performance will be those duties and responsibilities that the Board and the Director mutually agree upon. The evaluation criteria may be supplemented, when appropriate, with specific initiatives, projects or professional development objectives.

5.2 The Committee shall carry out evaluation of performance of every Director with a view to increase effectiveness as a governing body as well as participation of the Independent Director on the Board proceedings. The evaluation process shall be led by the Chairman of the Company who shall be supported by an Independent Director and the Company Secretary for completion of the evaluation process. which is as follows:

- Formal review shall be done on an annual basis and shall commence immediately upon completion of the previous financial year and shall be completed before the Board meeting at which the notice and agenda for the annual general meeting is approved by the Board;
- Format for formal review shall consist of the form for (a) self appraisal and (b) Board evaluation as set out in [Annexure A];
- The Board evaluation form is to be distributed to all Board members well in time such that the evaluation process is completed before the Board meeting at which the notice and agenda for the annual general meeting is approved by the Board; and
- Results of the evaluation to be discussed in the Board meeting at which the notice and agenda for the annual general meeting is approved by the Board such that basis the evaluation process, recommendations of the Board for the re-appointment of the retiring Directors can be included in such notice and agenda for the annual general meeting.

### PART B - REMUNERATION POLICY

#### 1. Guiding Principles

1.1 The guiding principles of remuneration of the Directors, KMP, SM and other employees of the Company are:

- The level and composition of remuneration is competitive, reasonable and aligned to market practices and trends to attract, retain and motivate talent required to run the Company successfully and ensure long term sustainability of the Company;
- The remuneration Committee considers pay and employment conditions with peers / elsewhere in the Competitive market to ensure that the pay structures are appropriately aligned and the levels of remuneration remain appropriate in this context.

- The remuneration to Directors, KMP and SM has a fair balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- Quantitative and qualitative assessments of performance are used to making informed judgments to evaluate performances;
- Sufficiently flexible to take into account future changes in industry and compensation practice; and
- The pay takes into account both external market and achievements of Company performance targets to a balanced 'fair' outcome along with strong alignment of interest with Stakeholders.

2. **Remuneration to Managing Director or Whole-time Director or Manager**

- The remuneration and increments thereon to be paid to the Managing Director or Whole-time Director or Manager shall be determined in accordance with the conditions laid down in the Act.
- If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director or Manager in accordance with the provisions of the Act read with rules made thereunder and Schedule V of the Act.
- If any Managing Director or Whole-time Director or Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- The total remuneration of the Managing Director or Whole-time Director or Manager shall comprise of the following:
  - A fixed base salary and fixed allowances;
  - Retiral benefits; and
  - Other benefits and reimbursements,

The details in relation to each component are set out in Part I of **Annexure B**. Any deviation from the same shall be recorded in the minutes of the meeting of the Committee with proper justification for the same.

3. **Remuneration to Non-Executive Directors**

- The remuneration to be paid to the non-executive Directors shall be determined in accordance with the conditions laid down in the Articles of Association of the Company and as per the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- The total remuneration of the Non-executive Directors /Independent Directors shall comprise of the following:
  - Sitting Fee; and

They will also be entitled to reimbursement for out-of-pocket expenses. The details in relation to each component are set out in Part II of **Annexure B**. Any deviation from the same shall be recorded in the minutes of the meeting of the Committee with proper justification for the same.

4. The remuneration, compensation, etc. to the Whole-time Director, Managing Director and Manager will be determined by the Committee and recommended to the Board for approval. The remuneration, compensation etc. shall be subject to the prior or post approval of the shareholders of the Company and Central Government, wherever required.

5. The remuneration, compensation, etc. to the KMPs, SMs and other employees will be determined by the Company basis discussions with the Committee after taking into account general market practice, performance of the Company and other relevant factors as prescribed by the Committee from time to time.

6. **Insurance**

6.1 Where any insurance is taken by the Company on behalf of its Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the part premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

7. The Board of Directors may deviate from this policy if there are specific reasons to do so in an individual case. Any departure from the policy shall be recorded and reasoned in the Board's minutes.

8. The adequacy of this policy shall be reviewed and reassessed by the Committee at such intervals as the Committee deems appropriate and recommendations, if any, shall be made to the Board to update the same from time to time.



**ANNEXURE A**  
**ARCHIES BOARD EVALUATION POLICY**

The Company's board acknowledges its intention to establish "best practices" in board governance in order to fulfill its fiduciary obligation to the stakeholders. The Board believes the evaluation will lead to a closer working relationship among Board members, greater efficiency in the use of the Board's time, and increased effectiveness of the Board as a governing body.

Copies of the evaluation form will be distributed to each Board Member and each Board member shall complete the forms and return them to the Company Secretary.

The Board has adopted the evaluation criteria and forms that are attached to this policy. These may be changed at any time by the Board.

**ARCHIES BOARD MEMBER SELF EVALUATION**

Criteria		Yes	No
1	I attend the Board and Committee meetings and I arrive on time and stay until meetings conclude.		
2	I contribute to the discussion in a meaningful and helpful way, listening to others and making my points concisely.		
3	I avoid conflicts of interest and ask questions of the Board Chair or Executive Director if I am unsure if a conflict exists.		
4	I read the materials distributed before the Board meeting so I can constructively participate and make timely decisions.		
5	I work with the other Board members as a team, striving for consensus when it is called for.		
6	I work with the Executive Director in a way that creates an atmosphere of trust and cooperation.		
7	I communicate governance and ethical problems to the Board Chair and Executive Director.		

## ARCHIES Board Evaluation

### Performance Scale

**4 - Outstanding    3 - Good    2 - Adequate    1 - Needs improvement**

S. No.	Criteria	4	3	2	1
		Outstanding	Good	Adequate	Needs Improvement
1.	The Board engages in long-range strategic thinking and planning.				
2.	The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term.				
3.	The Board ensures that new Board members receive a prompt, thorough orientation.				
4.	Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.				
5.	The size and diversity of Board is appropriate.				
6.	Board members have the appropriate qualifications to meet the objectives of the board's charter, including appropriate financial literacy.				
7.	The Board meeting agendas are well-balanced, allowing appropriate time for the most critical issues.				
8.	Meetings are held with enough frequency to fulfill the board's duties and at least quarterly.				
9.	The board maintains adequate minutes of each meeting.				
10.	The Board and Committee meetings are of reasonable length.				
11.	The Committees are comprised of the right number and type of members.				
12.	The Committees report back to the Board as they should and do not exceed their authority.				
13.	The Board recognizes its policy-making role, and reconsiders and revises policies as necessary.				
14.	Board members actively participate on business and financial issues and provide guidance on long term sustainable goals.				
15.	The Board is consistent about being prepared for meetings and staying engaged.				
16.	The Board reviews annual budget				
17.	The Board brings discussions to a conclusion with clear direction to staff.				
18.	The Board is collegial and polite during meetings.				
19.	The Chairman demonstrates effective leadership of the Board				
20.	The Board comprises industry experts with appropriate skills, attributes and experience to carry out their duties				
21.	Independent Directors meet to discuss Chairman / Managing Director / Whole Time Director(s) performance and succession.				
22.	The Board is adequately apprised of the work of the Board Committees (Audit, Nomination & Remuneration, Stakeholder Relationship and CSR) in line with their charters.				



## ARCHIES Board Evaluation

### Performance Scale

**4 - Outstanding    3 - Good    2 - Adequate    1 - Needs improvement**

S. No.	Criteria	4	3	2	1
		Outstanding	Good	Adequate	Needs Improvement
23.	The Audit Committee regularly discusses with the Statutory Auditors of the Company before recommending financial results of the Company to the Board.				
24.	The Stakeholders' Relationship Committee reviews grievances and ensures that they are resolved in a time bound manner.				
25.	The Corporate Social Responsibility Committee reviews the money spent /to be spent by the Company on CSR activities as per prescribed guidelines and policy.				
26.	The Nomination and Remuneration Committee reviews competitive compensation benchmarks prior to recommending remuneration for Directors, Key Managerial Personnel and Senior Management.				
27.	Board members challenge the management team to set stretch goals and review their performance.				
28.	Board members receive all relevant papers and documents to allow them to effectively discharge their fiduciary responsibilities				
	Total Score				

**ANNEXURE B**  
**Part I**  
**Remuneration at ARCHIES**

**Guiding Principles**

- The level and composition of remuneration is competitive, reasonable and aligned to market practices and trends to attract, retain and motivate talent required to run the Company successfully and ensure long term sustainability of the Company;
- The remuneration to Directors, KMP and SM has a fair balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- Quantitative and qualitative assessments of performance are used to making informed judgments to evaluate performances;
- Sufficiently flexible to take into account future changes in industry and compensation practice; and
- The pay takes into account both external market and Company conditions to a balanced 'fair' outcome.

Executive Remuneration is a combination of Base Fixed and Variable Components to reflect the company's leadership position in the Industry and aligned to company's strategy

**Summary of Components of Remuneration of the Executive Directors/Directors/KMP/SM & other employees as applicable**

S. No.	Components	Key highlights
1	<b>Base Salary including Fixed Allowances</b>	<ul style="list-style-type: none"> <li>➤ A competitive fixed salary payable on a monthly basis</li> <li>➤ Reflects individual's experience, positioning and role within the Company</li> <li>➤ Reviewed on an annual basis and changes implemented are effective from 1st April each year.</li> <li>➤ Increases in Base Compensation are aligned with annual performance reviews and are competitive and comparable with industry benchmarks.</li> <li>➤ Business and individual performance are taken into consideration when setting/increasing the Base Salary</li> </ul>
2	<b>Variable Compensation</b>	<ul style="list-style-type: none"> <li>➤ Variable component is payable on annual basis aligned to company's overall performance, Department performance and individual performance.</li> </ul>
3	<b>Retiral Benefits (PF/Gratuity/SAF)</b>	<ul style="list-style-type: none"> <li>➤ Provide for sustained contribution and social security post employment</li> <li>➤ In accordance with relevant statutory provisions</li> <li>➤ Accruals depending upon length of service</li> <li>➤ <b>Provident Fund</b> - Contribution of 12% of the Basic amount each from Employee and Employer on optional basis</li> <li>➤ <b>Gratuity</b> - 15 days Basic Salary for every completed year of service (on last drawn Basic salary) with a minimum qualifying service period of 5 years</li> <li>➤ Not linked to any performance criteria but part of the total remuneration package</li> </ul>
4	<b>Other Benefits / Reimbursements</b>	<ul style="list-style-type: none"> <li>➤ Market competitive employees benefits</li> <li>➤ In line with the market practices &amp; reviewed periodically</li> <li>➤ Based on level/designation as per policies of the company</li> <li>➤ Not linked to any performance criteria</li> </ul>
5	<b>Notice period salary</b>	<ul style="list-style-type: none"> <li>➤ As per policy/terms of employment</li> </ul>

**Part II**

**Remuneration of the Non-executive Directors / Independent Directors:**

• **Sitting Fee**

The Non-executive / Independent Directors of the Company shall be paid sitting fees not exceeding the amounts prescribed in the Companies (Appointment and Remuneration of Managerial Personnel) Rules under the Act.

• **Reimbursement of out-of-pocket expenses**

The Non-executive / Independent Directors shall be reimbursed for out of pocket expenses for attending the Board, Committee, shareholders and creditors meetings.

• **Letter of appointment**

The appointment of Independent Directors shall be formalised through a letter of appointment in compliance to the provisions of the Act and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 inter-alia covering term of appointment, role of Independent Director including duties and responsibilities, sitting fee etc.



**ANNEXURE 'E' TO THE DIRECTORS' REPORT**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

S. No.	Requirements	Disclosure			
		Name of the Director			Ratio
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr. Anil Moolchandani			19.28:1
		Mr. Dilip Seth			14.98:1
		Mr. Jagdish Moolchandani			12.85:1
		1. Sitting Fees paid to the Directors have not been considered as remuneration 2 Figures have been rounded off wherever necessary			
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Mr. Anil Moolchandani - Chairman & Managing Director			Nil
		Mr. Dilip Seth- Director (Finance) & CFO			Nil
		Mr. Seshan Ranganathan - CEO - resigned on 10.08.2017			Nil
		Mr. Gautam - Company Secretary			8.34%
3	The percentage increase in the median remuneration of employees in the financial year;	During Financial year 2017-18, there has been no increase in the median remuneration of employees.			
4	The number of permanent employees on the rolls of company;	There was 1245 permanent employees on the rolls of the Company as on March 31, 2018.			
5	The explanation on the relationship between average increase in remuneration and company performance;	The Average increase is based on the objectives of Remuneration policy that is designed to attract, motivate and retain employee who are the drivers of organization success and helps the Company to retain its industry competitiveness.			
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	A	% Decrease in Net Sales in 2017-18 as compared to 2016-17		15.26%
		B	% Improvement in PAT in 2017-18 as compared to 2016-17		35.89%
		C	% Increase in EBITDA in 2017-18 as compared to 2016-17		1035%
		For comparison purpose the percentage increase in remuneration of KMP is given in Rule no. (2) above			
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	Financial Year Ended	Closing Share Price (NSE)	Market Capitalization	Price Earning Ratio
		31.03.2018	31.85	Rs. 107.58 Crores	Rs. 38.57
		31.03.2017	23.25	Rs. 78.53 Crores	Rs. 21.72
		Closing Share price as on 31st March 2018 was Rs. 31.85. Archie's offer price during its public issue in 1996 was Rs. 70. However these are not comparable as Archie's has done stock splits and issued Bonus shares during the intervening period.			

S. No.	Requirements	Disclosure		
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 2% whereas the increase in managerial remuneration was nil.		
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	a	% Decrease in Net Sales in 2017-18 as compared to 2016-17	15.26%
		b	% Improvement in PAT in 2017-18 as compared to 2016-17	35.89%
		C	% Increase in EBITDA in 2017-18 as compared to 2016-17	1035%
		For comparison purpose the percentage increase in remuneration of KMP is given in Rule no. (2) above		
10	The key parameters for any variable component of remuneration availed by the directors;	Not Applicable		
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Not Applicable		
12	Affirmation that the remuneration is as per the remuneration policy of the company.	It is hereby affirmed that the remuneration paid during the year 2017-18 is as per the Remuneration policy of the Company		



**ANNEXURE 'F' TO THE DIRECTORS' REPORT  
ANNUAL REPORT DETAILS OF THE CSR ACTIVITY**

**CORPORATE SOCIAL RESPONSIBILITY**

Company has constituted Corporate Social Responsibility Committee (CSR Committee) pursuant to the provisions of the Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided herein below:

S. No.	Particulars	Remarks
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	The CSR Policy was approved by the Board of Directors on 16th May, 2014 and has been uploaded on the company's website.  The Company spent ₹ 9,00,000/- towards Community Development and educations during the year ending 31.03.2018.  During the current year company proposes to take up the cause of education and health.  The web link is <a href="https://www.archiesonline.com/htdocs/csr.pdf">https://www.archiesonline.com/htdocs/csr.pdf</a>
2	The Composition of the CSR Committee	The Composition of the CSR Committee  Mr. Sunil Behl- Chairman Mr. Anil Moolchandani- Member Mr. Dilip Seth-Member
3	Net profit/(loss) of the company for previous year*	₹ (5,38,93,343.46)
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)*	NA
5	Details of CSR spent during the financial year 2017-18 a) Total amount to be spent for the financial year 2016-17 b) Amount spent	₹ 7,63,363/- ₹ 9,00,000/-

\*as per the amended provision of section 135 of Companies Act 2013, there is no contribution towards CSR for FY 2017-2018.

c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered (clause no. of Schedule VII of the Companies Act, 2013)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise.  Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount spent : Direct or through Implementing agency
1.	Education & Health	Cl. (x) rural development projects	Rashtriya Jharkhand Seva Sansthan Satgawan and Koderma Block in Koderma District, Jharkhand	₹ 4,00,000/-	₹ 4,00,000/-	₹ 4,00,000/-	Implementing Agency- CRY- Child Rights And You
2.	Education	Cl. (ii) Promoting education	NCR-Haryana	₹ 5,00,000/-	₹ 5,00,000/-	₹ 9,00,000/-	Implementing Agency- Nav Nirman Sewa Samiti

6. The Company has spent more amount than prescribed on CSR activity as would be evident from the details given above.

7. The Chairman of the CSR Committee has given a responsibility statement on behalf of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

(Mr. Dilip Seth)  
Director (Finance) & CFO  
23 May, 2018  
New Delhi

(Mr. Sunil Behl)  
Chairman CSR Committee  
(DIN - 00051383)



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

This report contains statements that the Company's beliefs may be considered to be "Forward Looking Statements" that describe our objective, plans or goals. All these forward looking statements are subject to certain risks and uncertainties, including, but not limited to, government action, local & global, political or economic developments, changes in legislation, technology risks, risk inherent in the Company's growth strategy, dependence on certain suppliers and other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements.

These forward looking statements included in this report are made only as on the date of this report and we undertake no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

### Industry Structure and Development

The Social Expressions Industry is still unorganized in India. There are number of small players whose operations are restricted in their respective regions. Besides them, there are very few serious players having nationwide presence. Greeting Cards are more of a fashion than culture in India and the Industry is driven by retailers and distributors rather than consumers.

The Company, which pioneered the concept in the Indian market, is the leader with more than 50% share of the organized sector.

Technology in the form of e-greeting, SMS and applications like facebook, Whatsapp had its toll on the growth of the greeting card business in general. However, this segment has the potential to bounce back. The Company has developed into a gifting solution destination for the consumers and has enhanced its reach to come near to the Customers, with opening of retail outlets in various cities in India. As on 31.03.2018 the Company is having 217 company owned and operated retail outlets and is planning to open more stores.

This business is based on sentiments both at micro and macro level. There is visible growth across all sectors of the economy, which bodes very well for the resources sector. We are encouraged by reforms including the Goods and Services Tax (GST) implemented in the Country, which would have the positive impact on the functioning of the Company and Economy as a whole. These are all transformative steps, designed to strengthen the country from within and unleash its full economic potential.

### Opportunities and Threats

Your Company has decided to reorient its business strategy by shifting its focus on other verticals such as online platform and alternate selling channel for its Stationery Products. Having said that your Company will continue to consolidate its Pan-India footprint. The Company is now more focused towards sales optimization by creating value proposition for consumer.

As reaty sector continues to be under stress and organized retailing is mushrooming in different parts of the country; your Company's constant endeavor is to tap most of the locations for deeper penetration. Additionally, your Company will continue to explore overseas markets that offer vast opportunities.

The technological evolution has brought us today's well known, e-Commerce. This catalyst of online trading has offered a great help to the online marketing industry and has changed the face of purchasing products and services. With the great help and lucrative abilities of e-Commerce it is known as one of the most important aspects of the internet to emerge and will continue its progress in the future. The benefits of e-Commerce like its around-the-clock availability, the wide opportunity of your products to customers, the speed and easy accessibility, plus the international reach will be on your hands.

Considering the current scenario Your Company has tied up with new affiliates like Paytm, Talash.com and one major ecommerce portal, "Amazon.in" for expansion on market place to wider their reach. As you all are aware that Amazon is a big market place and day by day we are getting a good presence over there . Remember that e-Commerce is faster, cheaper, and more convenient than the traditional methods of selling products now days. Your company will be able to operate your products marketing and your products selling online. Company is not only focusing on selling the gifting products but also the home decor products through E-commerce channel. Through E commerce channels your company is trying to achieve a new level where they are targeting a 12% of Business in the year 2018-19.

Your Company understands that the business model that would run in future is by creating customer satisfaction and value creation for ensuring profitability and sustainability. Your Company is constantly endeavor is to serve the consumer better, faster and at less cost in ever changing environment.

### Risks and Concerns

Macro-economic factors like a downturn in the economy, exchange rate fluctuation and, natural calamities are likely to affect the business industry at large and we are not untouched. Change in Government's fiscal policy also has a bearing on our performance. Large prevalence of unorganized players is another area of concern. High rental and shrinking store size is emerging as areas of concern. Change in fashion trends and consumer preference adversely affects the turnover of the Company. Intensifying competition in gifting segment also pose a probable risk to the Company.

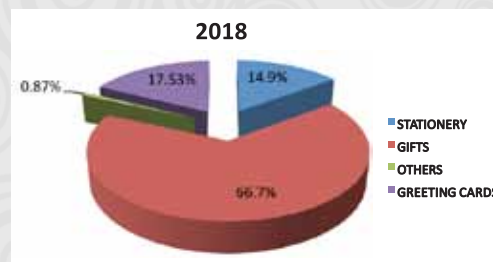
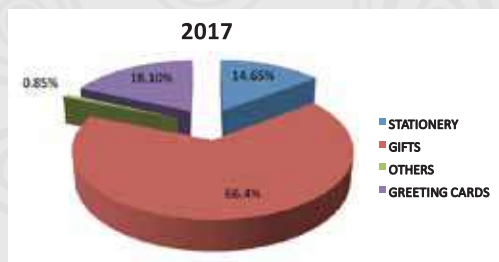
### Product Wise Performance

The Turnover of the gift segment was Rs. 10434.92 lacs during the year under review as compared to Rs. 12257.42 lacs last year, down by 14.87%. The Gifts segment contributed about 66.70% of the total turnover during the current year as compared to 66.40% in the previous year.

The Greeting Cards sale was Rs. 2742.43 lacs during the year under review as compared to Rs. 3340.87 lacs last year, down by 17.91%. The contribution of greeting cards sales to the total turnover now stands at 17.53% as compared to 18.10% in the previous year.

The stationery items sale was Rs 2333.67 Lacs during the year under review as compared to Rs 2703.88 Lacs during the Last Year, down by 13.69%. The contribution of Stationery items sales to the total turnover stands about 14.92% as compared to 14.65% in the previous year.

### Contribution of Segment in Total Sales



### Outlook

The Greeting Cards business during the year was again under pressure. But the company is working on various strategies to counter the negative effects. With tie up with Hallmark, we are quite confident that greeting cards business should show positive signs in the coming years.

The turnover of the gift segment has been higher than the Greeting card segment. But during the year under review the Gift segment was down by 14.87 %.

The stationery segment has down by 13.69%. We are hopeful that this segment is going to perform better.

The company's efforts to open company owned / managed stores will continue in the upcoming shopping malls and High Streets across the country on selective basis. Your company has opened 18 Archies stores during the year and the total no of Archies Stores opened by your Company PAN India as on 31.03.2018 is 217.

The main concentration is on the core business of greeting cards, gifts and retail, and every effort of the Company is aimed at maximizing the profitability of the company by introducing new products and ideas which gel with the company's core business.

### Internal Financial Control Systems and their Adequacy

The Company has adequate Internal Control systems for business processes including components, packing material, trading goods, plants and machinery, equipment and other assets and with regard to the sale of goods. The internal control system is supplemented by an extensive internal audit, which is conducted by independent firm of Chartered Accountants. Internal audits are undertaken on a continuous basis covering various areas across the chain like manufacturing, operation, sales and distribution, marketing and value finance etc in all the branches of the Company.

The Management and Audit Committee regularly review reports of the internal auditors, and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems.

### Financial performance with respect to operating performance

The Company recorded Revenue from Operations of ₹ 15782.07 Lacs for the financial year 2017-18 as compared to ₹ 18626.10 Lacs in the previous year down by 15.27 %. The sale of gifts Segment was down by around by 14.87%, Greeting Cards segment sale was down by 17.91% and Stationery segment were down by 13.69%.

Inventory as on 31st March 2018 stands at ₹ 5,177.57 Lacs, as against ₹ 5,687.48 Lacs during previous year.

Debtors as on 31st March 2018 stand at ₹2199.17 Lacs as against ₹1995.67 Lacs during the previous year.

### Human Resources / Industrial Relations

Industrial relations at Archies have always been cordial. This is because all employees, managers and workmen have always lived in the value of teamwork and belongingness. As in the earlier years the Industrial Relations continued to be cordial and amicable. All the employees of the Company continue to work as one cohesive Team devoted to a common goal of spreading happiness and prosperity.

As at March 31, 2018 the total employee strength of the Company stands at 1245.



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company recognises its commitments of a transparent and good Corporate Governance keeping in mind the welfare of all its stakeholders' inter-alia shareholders, bankers, suppliers, employees and customers.

Your directors have always strived to live the values of trusteeship and your company has always realized its responsibilities and has set high standards of corporate governance.

To create shareholders wealth on a sustainable and long term basis, it is imperative for the management to institutionalize a 'Framework of Corporate Governance and Code of Practices' as an enabling methodology to strengthen decision-making process and enhance effective, harmonious and transparent functioning of the Board of Directors, its Committees and the executive management to meet challenges and to make the best of opportunities in the years ahead.

Even before the Code of Governance was made mandatory by SEBI, your Company had been maintaining good standards of corporate Governance.

Now, as the Code is in place, your Company will comply with the Code in letter and spirit.

### 2. BOARD OF DIRECTORS

#### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from the Independent Directors under Section 149 (7) of the Companies Act, 2013, that they meet the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

#### NON-EXECUTIVE DIRECTORS DISCLOSURES

The Non-Executive Directors of the Company are paid sitting fees as fixed by the Board of Directors within the limits prescribed under the Companies Act, 2013. There is no stock option scheme provided by the Company.

#### A. COMPOSITION AND CATEGORY OF DIRECTORS:

The Board of your Company consists of persons with experience and expertise in their respective fields.

The Composition of the Board as at 31st March, 2018 is as follows:

Name of the Director	Category	Number of Shares held in the Company	*No of Other Directorships held as on 31-03-2018	#Committee memberships/ chairmanship held in other Companies as on 31-03-2018
Mr. Anil Moolchandani (Chairman-and-Managing-Director)	Promoter & Executive Director		Nil	Nil
Mr. Jagdish Moolchandani	Promoter & Executive Director	-	Nil	Nil
Mr. Dilip Seth [Director (Finance) & CFO]	Executive Director	-	Nil	Nil
Mr. Arun Singhal	Non-Executive Independent Director	-	2	Nil
Mr. Sunil Behl	Non-Executive Independent Director	1000	Nil	Nil
Dr. Bhavna Chadha**	Non-Executive Independent Director	-	Nil	Nil
Mr. Prem Kumar Chadha ##	Non-Executive Independent Director	-	2	1

\*Number of directorships in other companies excludes directorships held in the Private Limited Companies, Foreign Companies and in Companies under Sec-8 of the Companies Act, 2013.

\*The Shareholding of Directors excludes Executive Directors.

# In accordance with the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, Memberships/Chairmanships of only the Audit Committees and Stakeholders Relationship Committee have been considered.

## Mr. P.K. Chadha, Director of the Company deceased on 23rd June, 2017.

\*\* Dr. Bhavna Chadha, Non-Executive Independent Director resigned on 10 August, 2018.

## B. ATTENDANCE RECORD OF THE DIRECTORS AT BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board met four times during the year under review. Meetings were held on 25th May 2017, 10th August 2017, 30th November 2017 and 31st January 2018.

The attendance of the Directors at the meetings is as follows:

Name of the Director	No. of Board Meetings Attended	Whether Attended the AGM held on 28/09/2017
Mr. Anil Moolchandani	4	Yes
Mr. Dilip Seth	4	Yes
Mr. Arun Singhal	4	Yes
Mr. Sunil Behl	4	Yes
Mr. Prem Kumar Chadha	1	No
Dr. Bhavna Chadha	4	No
Mr. Jagdish Moolchandani	4	Yes

## C. SEPARATE MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 31st January, 2018 without the attendance of non independent directors and members of management to:

- review the performance of non-independent directors and the Board as a whole;
- review the performance of the Chairperson of the Company, taking into account the views of executive directors and non executive directors;
- assess the quality, quantity and timeliness of flow of information between the Company, management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 3. BOARD COMMITTEES

### MEETING OF BOARD COMMITTEES HELD DURING THE YEAR AND DIRECTOR'S ATTENDANCE:

#### Details of Audit Committee :

Board Committees	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Stakeholders Relationship Committee
<b>Meeting Held</b>	4	1	1	4
Directors' Attendance				
Mr. Anil Moolchandani	N.A.	N.A.	1	4
Mr. Dilip Seth	N.A.	N.A.	1	4
Mr. Sunil Behl	4	1	1	N.A.
Mr. Arun Singhal	4	1	N.A.	4
Mr. Prem Kumar Chadha	1	1	N.A.	N.A.
Dr. Bhavna Chadha	3	N.A.	N.A.	N.A.
Mr. Jagdish Moolchandani	N.A.	N.A.	N.A.	N.A.

N.A. - Not a member of the Committee

## Familiarization Programme for Director

The Company has programme to familiarize Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc. and the same is available on the weblink <https://www.archiesonline.com/about-archies/familiarization>

## A. AUDIT COMMITTEE

The company has constituted an Audit Committee comprising of three non-executive independent Directors, in accordance with the provisions of Regulation 18 of SEBI (Listing obligations and Disclosure Requirements), Regulations 2015 with the Stock Exchanges read with Section 177 of the Companies Act, 2013. Members of the Audit Committee possess financial/accounting expertise/exposure

## I. COMPOSITION OF AUDIT COMMITTEE

COMPOSITION	CATEGORY
Mr. Sunil Behl (Chairman)	Non Executive Independent Director
Mr. Arun Singhal	Non Executive Independent Director
Dr. Bhavna Chadha*	Non Executive Independent Director

\*Dr. Bhavna Chadha, member of the Committee resigned on 10 August 2018. Further the vacancy created is filled by the appointment of Mrs. Payal Jain, Non Executive Independent Director of the Company as the member of the Committee w.e.f 10 August 2018.

The Company Secretary acted as Secretary to the Committee.

## II. TERMS OF REFERENCE

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management, the annual and periodical financial statements before submission to the Board, focusing primarily on:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Any changes in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Compliance with the Accounting Standards.
  - Disclosure of any related party transaction.
  - Qualifications in the draft audit report.
  - The going concern assumption.



- iv) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take steps in this matter.
- v) Reviewing and monitor the auditors independence and performance and effectiveness of audit process.
- vi) Approval or any subsequent modification of transactions of the company with related parties.
- vii) Scrutiny of inter-corporate loans and investments.
- viii) Valuation of undertaking or assets of the company, wherever it is necessary.
- ix) Evaluation of internal financial controls and risk management systems.
- x) Reviewing with the management, performance of statutory and internal auditors, adequacy of internal control systems.
- xi) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- xii) Discussion with internal auditors, any significant findings and follow-up thereon.
- xiii) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xiv) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xv) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xvi) To review the functioning of the Whistle Blower mechanism.
- xvii) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- xviii) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xix) Reviewing the following information:
  - a) Management discussion and analysis of financial condition and results of operations;
  - b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - d) Internal audit reports relating to internal control weakness; and
  - e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

### III. MEETING DETAILS DURING THE YEAR

During the financial 2017-18, four audit committee meetings were held on 25th May 2017, 10th August 2017, 30th November 2017 and 31st January 2018.

### B. NOMINATION AND REMUNERATION COMMITTEE OF DIRECTORS

#### I COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in accordance with the Regulation 19 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with section 178 of Companies Act 2013.

COMPOSITION	CATEGORY
Mr. Sunil Behl (Chairman)	Non Executive Independent Director
Mr. Arun Singhal	Non Executive Independent Director
Mr. Bhavna Chadha*	Non Executive Independent Director

\*Dr. Bhavna Chadha, member of the Committee resigned on 10 August 2018. Further the vacancy created is filled by the appointment of Mrs. Payal Jain, Non Executive Independent Director of the Company as the member of the Committee w.e.f 10 August 2018.

#### II. TERMS OF REFERENCE

- ii) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
- ii) To carry out evaluation of every Director's performance.
- iii) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- iv) To formulate the criteria for evaluation of Independent Directors and the Board.
- v) Devising a policy on Board diversity.
- vi) To recommend/review remuneration of the Managing Director(s) and Whole Time Director(s) based on their performance and defined assessment criteria.
- vii) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

The Performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated.

### III. MEETING DETAILS DURING THE YEAR

In the Financial year 2017-18, one meeting of the Nomination & Remuneration Committee was held on 25th May, 2017.

Shareholders of the Company at the Annual General Meeting approved the remuneration of the executive directors from time to time.

## Directors' Remuneration

### Remuneration policy

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure D to the Directors' Report. Further the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Director.

### Details of remuneration/sitting fees paid to the Directors during the financial year 2017-2018 :

#### Executive Directors

Particulars	Mr. Anil Moolchandani (Chairman-and-Managing Director)	Mr. Jagdish Moolchandani (Executive Director)	Mr. Dilip Seth (Director Finance & CFO)
Salary & Allowances	33,80,100	22,55,100	25,14,366
Contribution to Provident Fund	21,600	0	21,600
Total	34,01,700	22,55,100	25,35,966
Service Contract	Two Years w.e.f. 29/06/2017	Three Years w.e.f. 10/08/2016	Two Years w.e.f. 05/08/2017
Notice Period	Three months by either party	Three months by either party	Three months by either party

(₹)

#### NON-EXECUTIVE DIRECTORS

The company pays sitting fee to all Non-Executive Directors for attending meetings of the Board and its committees. The details of the sitting fees paid to the Non-Executive Directors during the financial year 2017-18 are given below :

Directors	Sitting Fees (₹)*
Mr. Sunil Behl	58,500
Mr. Arun Singhal	54,000
Mr. Prem Kumar Chadha	15,750
Dr. Bhavna Chadha	45,000
<b>Total</b>	<b>1,73,250</b>

\* Including Service Tax

#### C. STAKEHOLDERS RELATIONSHIP COMMITTEE

##### I. COMPOSITION OF STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is Constituted in accordance with the Regulation 20 of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 read the section 178 of Companies Act 2013.

COMPOSITION	CATEGORY
Mr. Arun Singhal (Chairman)	Non Executive Independent Director
Mr. Anil Moolchandani	Promoter and Executive Director
Mr. Dilip Seth	Executive Director

Mr. Gautam, the Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

#### II. TERMS OF REFERENCE

The Committee is primarily responsible for addressing the investor complaints and grievances. The role of the Committee is in accordance with the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015. It primarily includes:

- To look into complaints received from shareholders like transfer of shares, non-receipt of annual report, non-receipt of dividend or any other complaints.
- To look, consider & resolve the redressal of grievances of shareholders.
- Four meetings of the Committee were held as on 24th April 2017, 04th July 2017, 04th October 2017 & 03rd January 2018.
- Status Report of Investor's Grievances i.e. revalidation of dividend warrant, non-receipt / pending dividend, change of address, change of mandate, non receipt of shares and miscellaneous as on March 31, 2018 is as under:

No. of Complaints opening	Nil
No. of Complaints received	2
No. of Complaints resolved	2
No. of Complaints pending	Nil

#### D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee's primarily responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy'.

##### I. COMPOSITION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

COMPOSITION	CATEGORY
Mr. Sunil Behl (Chairman)	Non Executive Independent Director
Mr. Anil Moolchandani	Promoter and Executive Director
Mr. Dilip Seth	Executive Director



## II. TERMS OF REFERENCE

The CSR Committee has, inter alia, the following mandate:

- i) Formulate and recommend to the Board of Directors of the Company, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- ii) Recommended the amount of expenditure to be incurred on the activities referred to in clause (i); and
- iii) Monitor the Corporate Social Responsibility policy of the Company from time to time.

## 4. GENERAL BODY MEETINGS

The venue and time of the last three Annual General Meetings are as per details given hereunder:

Date	Venue	Time	Special Resolutions
28th September 2017	Auditorium, HSIIDC Limited, HSIIDC Office Complex, IMT Manesar, Gurugram, Haryana - 122052	11.00 A.M.	1. Reappointment of Mr. Dilip Seth as Director (Finance) & CFO of the Company 2. Reappointment of Mr. Anil Moolchandani as Chairman and Managing Director of the Company
28th September 2016	Manesar Club Sector-5, IMT Manesar Gurugram, Haryana-122050	11.00 A.M.	1. Reappointment of Mr. Deepak Thakkar as Non-Executive Director of the Company 2. Reappointment of Mr. Dilip Seth as Director (Finance) & CFO of the Company 3. Reappointment of Mr. Anil Moolchandani as Chairman and Managing Director of the Company 4. Appointment of Mr. Jagdish Moolchandani as Director (Executive) of the Company
28th September 2015	Manesar Club Sector-5, IMT Manesar Gurugram, Haryana-122050	11.00 A.M.	1. Payment of Minimum Remuneration to Mr. Anil Moolchandani, Chairman and Managing Director of the Company

### Special Resolution Passed Through Postal Ballot

No special resolution was passed through postal ballot during the Financial year ended 2017-18

## 5. DISCLOSURES

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company.

However, the particulars of transactions between the Company and related parties are provided in the Notes to the Accounts in the financial statements

Risks are identified across all business process of the company on going basis and they are systematically categorized. Each risk when identified is mapped to the concerned department for further action.

There has not been any non-compliance by the company and no penalty or strictures imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any statutory authority on any matters relating to capital markets during the last three years.

The Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

- iv) One meeting of the CSR Committee was held as on 25th May 2017.

The CSR Committee charter and the CSR Policy of the Company is available on our website <https://www.archiesonline.com/htdocs/csr.pdf>

## III. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There have been no Materially Significant related Party Transactions or relationship between the Company and its Directors, Management, or Relatives.

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Whistle Blower policy / vigil mechanism under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee.

Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The link of the Policy is <https://www.archiesonline.com/htdocs/whistle-blower-Policy-ARCHIES-LIMITED.pdf>. The weblink for the Policy of Related party transactions [www.archiesonline.com/htdocs/transaction-Policy.pdf](http://www.archiesonline.com/htdocs/transaction-Policy.pdf)

The Management discussion and analysis report forms part of Directors' Report.

## 6. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Board of Directors has adopted the Insider Trading Policy in accordance with the Requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Policy has been formulated to regulate, monitor and ensure reporting in dealing of the shares of the Company and consequences of non compliance to maintain the highest ethical standards dealing in Company securities.

The Code of Practices and Procedures under Insider Trading is available on our website in the following link:- [www.archiesonline.com/htdocs/Code-of-Practices.pdf](http://www.archiesonline.com/htdocs/Code-of-Practices.pdf)

The Company has also laid down a code of Conduct for Board members and senior Management personnel.

All the Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2017-18. The code of conduct is also displayed on the website of the Company at [www.archiesonline.com/htdocs/Code-of-Practices.pdf](http://www.archiesonline.com/htdocs/Code-of-Practices.pdf)

## 7. OTHER POLICIES

In order to promote the highest level of Ethical Standards and abidance of the Compliance, your Company under the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 made the following policies:-

- i) Archival Policy- The Policy deals with the retention and archival of complete records of the Company. The Policy of the Company is placed on the website and its link is [www.archiesonline.com/htdocs/ArchivalPolicy.pdf](http://www.archiesonline.com/htdocs/ArchivalPolicy.pdf)
- ii) Policy for Preservation of Documents - The purpose of the Policy is to specify the document(s) and the time period for preservation thereof based on the classification. The Policy is Placed on the website of the Company and the link for the same is [www.archiesonline.com/htdocs/preservation.pdf](http://www.archiesonline.com/htdocs/preservation.pdf)
- iii) Policy for Determination of Materiality- The Policy was framed in Compliance of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, placed on the website of the Company and the link for the same is [www.archiesonline.com/htdocs/policyMateriality.pdf](http://www.archiesonline.com/htdocs/policyMateriality.pdf)

## 8. MEANS OF COMMUNICATION

The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges for dissemination immediately after these are taken on record by the Board.

The financial results of the Company are generally published in leading financial daily as well as in a regional language newspaper and are displayed on the Company's website, [www.archiesonline.com](http://www.archiesonline.com).

Besides, financial results the Company also keeps its shareholders updated about material events and plans through appropriate mode of communication.

## 9. GENERAL SHAREHOLDERS' INFORMATION

### A. Annual General Meeting

Date	28th September, 2018
Time	11.00 A.M.
Venue	Manesar Club, Sector-5, IMT Manesar, Gurugram, Haryana -122050

## B. Financial Calendar

Financial Year April 1 to March 31

During the year ended March 31, 2018 results were published on the following dates :

Annual Audited Financial Results 26th May 2017  
(Mint all Edition and Jansatta (Hindi), Delhi Edition)

First Quarter Results 11th August 2017  
(Mint all Edition and Jansatta (Hindi), Delhi Edition)

Second Quarter Results 1st December 2017  
(Mint all Edition and Jansatta (Hindi), Delhi Edition)

Third Quarter Results 1st February 2018  
(Mint all Edition and Jansatta (Hindi), Delhi Edition)

The results are displayed on the website of the Company at [www.archiesonline.com](http://www.archiesonline.com)

## C. Book Closure Dates

22nd September, 2018 to 28th September 2018  
(Both Days Inclusive)

## D. Dividend Payment Dates

No dividend is proposed by management for the financial year 2017-18

## E. Listing on Stock Exchange

The company's share are listed on the following stock exchanges:-

### National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor, Plot No. C/1 G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051

### The Bombay Stock Exchange Ltd.

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001

The Company has paid listing fee to National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. for the year 2018-19.

## F. Stock Code

The Bombay Stock Exchange Ltd. 532212  
National Stock Exchange of India Ltd. ARCHIES  
ISIN NO. INE731A01020

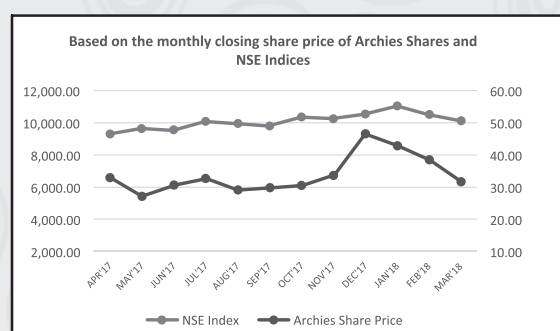
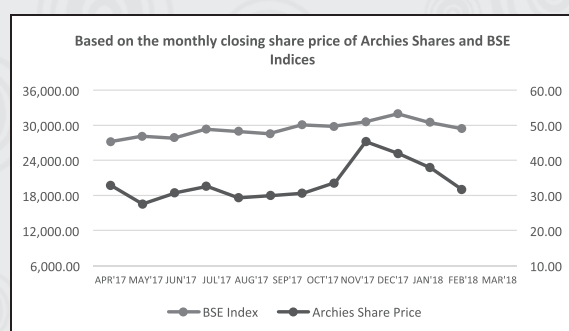


### G. Market Price Data

Monthly high & low price of shares of your Company and no. of shares traded at Bombay and National Stock Exchanges are as under :

Month	BSE			NSE		
	High	Low	No. of shares traded	High	Low	No. of shares traded
April, 2017	40.10	23.10	72,00,000	40.10	23.35	2,92,34,990
May, 2017	33.95	26.85	6,00,000	34.00	26.85	33,40,566
June, 2017	34.00	28.00	9,00,000	34.00	27.85	39,67,682
July, 2017	39.90	30.15	13,00,000	40.05	30.25	61,91,302
August, 2017	33.00	27.00	5,00,000	33.10	27.20	22,59,455
September, 2017	33.95	28.60	7,00,000	33.90	28.25	41,75,853
October, 2017	33.30	28.00	5,00,000	33.45	29.10	31,27,974
November, 2017	37.70	28.05	12,00,000	38.00	28.00	65,81,316
December, 2017	55.25	31.20	69,00,000	55.15	30.40	3,43,37,140
January, 2018	50.20	39.55	19,00,000	50.00	39.45	1,12,43,355
February, 2018	43.95	33.00	12,00,000	44.15	32.90	74,89,743
March, 2018	38.80	30.05	7,00,000	38.80	30.00	29,63,590

### H. Performance in comparison to broad based indices



Based on the monthly closing data of Archies Share price and BSE Sensex.

#### I. Registrar and Transfer Agent

The name and address of Registrar and Transfer Agent is as under :

LINK INTIME INDIA (PRIVATE) LIMITED,  
44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase-I,  
New Delhi - 110028  
Tele Nos: 011-41410592-93-94  
Fax No: 011-41410591  
E-mail : delhi@linkintime.co.in  
Contact Person: Mr. Swapan Kumar

Based on the monthly closing share price of Archies Shares and NSE Index.

#### J. Share Transfer System

With a view to expediting the process of share transfers, the Board has delegated the powers to "Stakeholders' Relationship Committee" which meets very frequently depending upon the number of requests for Share Transfer received and shares are transferred within the stipulated time provided the document are complete in all respects.

Shares Certificate for transfer can be lodged by the shareholders with our Registrar and Transfer Agent at the above-mentioned address.

**K. Distribution of Shareholdings :**

No. of Equity Shares Held	AS ON MARCH 31							
	2018				2017			
	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shareholdings	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shareholdings
1 — 500	13,154	78.3863	20,32,680	6.0174	12,197	75.4765	20,58,495	6.0938
501— 1000	1,838	10.9529	16,08,206	4.7608	1,937	11.9864	17,12,022	5.0682
1001 — 2000	802	4.7792	12,98,361	3.8436	971	6.0087	15,72,514	4.6552
2001 — 3000	325	1.9367	8,61,532	2.5504	348	2.1535	9,07,883	2.6876
3001— 4000	145	0.8641	5,39,652	1.5975	207	1.2809	7,61,056	2.2530
4001— 5000	165	0.9833	7,99,191	2.3659	172	1.0644	8,26,594	2.4470
5001— 10000	179	1.0667	13,72,840	4.0641	196	1.2129	14,70,661	4.3536
10001 & above	173	1.0309	2,52,67,538	74.8003	132	0.8168	2,44,70,775	72.4416
Total	16,781	100.00	33,78,0000	100.00	16,160	100.00	3,37,80,000	100.0

**L. Categories of Shareholders :**

Category	AS ON MARCH 31					
	2018			2017		
	No. of Shareholders	No. of Shares held	% of total Shares	No. of Shareholders	No. of Shares held	% of total Shares
Individuals	15,815	100,03,426	29.61	15,163	1,06,253,55	31.45
Body Corporates/Clearing Member/Trusts/H.U.F.	737	26,73,195	7.9	723	21,29,390	6.31
NRIs / OCBs / FII/FFIs	214	4,58,369	1.39	262	4,14,155	1.23
Mutual Funds/Banks/ Insurance Company/FIs	4	1,33,910	0.39	4	1,56,500	0.46
Promoters	8	2,05,04,600	60.70	8	2,04,54,600	60.55
Directors	3	6500	0.01	-	-	-
<b>Total</b>	16,781	3,37,80,000	100.00	16,160	3,37,80,000	100.00

**M. Dematerialisation of shares and liquidity**

As on 31st March 2018, 85.09% of total shareholding is held in dematerialized form with National Securities Depository Limited (NSDL) and 14.19% with Central Depository Services (India) Limited (CDSL). Only 0.71% of the total shareholding is held in physical form as on 31st March 2018.

The Company's shares are regularly traded on BSE and NSE.

**N. Outstanding GDR/ ADR/ Warrant or any convertible instruments, conversion date and impact on equity**

NA

**O. Plant Locations**

The plant is located at Plot No. 191F, Sector-4, IMT Manesar, Gurugram, Haryana

**P. Address for correspondence**

ARCHIES LIMITED  
C-113, Naraina Industrial Area  
Phase-I, New Delhi-110028  
Tel : 011 - 41412222, 41410000  
Fax : 011 - 41410060  
Email : gautam.verma@archiesonline.com



## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

### **To The Members of ARCHIES LIMITED**

1. This certificate is issued in accordance with the terms of our engagement with Archies Limited ('the company').
2. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March, 2018, as stipulated in regulations 17 to 27 and Clauses (b) to (i) of regulation 46(2) and paragraph C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### **Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### **Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of

**J. P., KAPUR & UBERAI**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 000593N)

**H.S. Khurana**  
PARTNER  
(Membership No.017779)

Place: New Delhi  
Date : August 10, 2018

## **DECLARATION REGARDING COMPLIANCE BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT AND ETHICS FOR DIRECTORS AND MANGEMENT**

This is to confirm that the company has adopted a code of conduct for its Directors and Senior Management personnel of the Company as required and as per the Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations 2015. The Code is available on Company's web site.

This is further confirmed that the company has in respect of the financial year ended March 31, 2018, received from the senior management personnel and members of the Board of Directors, a declaration of compliance with the Code of Conduct as applicable to them for the year ended March 31, 2018.

**Place : New Delhi**

**Date : August 10, 2018**

**Anil Moolchandani  
Chairman and Managing Director**

**Dilip Seth  
Director (Finance) & CFO**

### **CEO AND CFO CERTIFICATION**

We, The Board of Directors of Archies Limited certify that:

- (A) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2018 and to the best of our knowledge and belief these statements:
  - 1. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2. together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) To the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (C) We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee, and steps have been taken or proposed to be taken to rectify these deficiencies.
- (D) We have indicated to the auditors and the Audit committee that:
  - (1) there has not been any significant change in internal control over financial reporting during the year;
  - (2) there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - (3) we are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Place : New Delhi**

**Date : August 10, 2018**

**Dilip Seth  
Director (Finance) & CFO**

**Anil Moolchandani  
Chairman & Managing Director**



## **INDEPENDENT AUDITORS' REPORT**

### **To The Members of ARCHIES LIMITED**

#### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of ARCHIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March, 2018, and its profits (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Other Matter**

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 25 May 2017 and 23 May 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- (e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B";
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March, 2018 on its financial position in its Ind AS financial statements- Refer Note 29 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For J. P., KAPUR & UBERAI**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 000593N)

**VINAY JAIN**  
PARTNER  
(Membership No. 095187)

**Place : New Delhi**  
**Date : 23 May, 2018**



## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. There is a regular programme of verification, which, in our opinion, is reasonable, having regard to the size of the company and nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) According to our examination of the books and records of the Company and the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified by the management at reasonable intervals. The discrepancies noticed on verification between the physical stocks and book records were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the order is not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantees and security to which the provisions of Section 185 and 186 of the Act would apply.
- v. The company has not accepted any deposits from the public to which the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder would apply.
- vi. The Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the products of the company.
- vii. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it, except in few cases where there is a delay in deposit. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it were outstanding, as at 31 March, 2018 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with the appropriate authorities on account of any dispute, except the following:-

Nature of the Statutory Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	340.27	Block Period Ending 31.3.2000	High Court of Delhi
Tax Deducted at Source	6.67	2010-11	Commissioner of Income Tax (Appeals)

- viii. The company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither taken any loans or borrowings from financial institutions or government nor issued any debentures during the year.
- ix. According to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which those were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.
- xi. According to our examination of the books and records of the Company and the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- xii. According to the information and explanations given to us, the Company is not a Nidhi company.
- xiii. According to our examination of the books and records of the Company and the information and explanations given to us, transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details of such transactions have been disclosed in Note 33 to the Financial Statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to our examination of the books and records of the Company and the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**Place : New Delhi**  
**Date : 23 May, 2018**

**For J. P., KAPUR & UBERAI**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 000593N)

**VINAY JAIN**  
PARTNER  
(Membership No. 095187)



## **ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT**

Annexure referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of the Company as of 31 March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, on the achievement of the objectives of the control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**Place : New Delhi**  
**Date : 23 May, 2018**

**For J. P., KAPUR & UBERAI**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 000593N)

**VINAY JAIN**  
PARTNER  
(Membership No. 095187)

**BALANCE SHEET AS AT 31 MARCH 2018**

(₹ in Lacs)

	Particulars	Note	31 MARCH 2018	31 MARCH 2017	01 APRIL 2016
<b>ASSETS</b>					
<b>1)</b>	<b>Non-Current Assets</b>				
	Property, Plant and Equipment	4	<b>7,553.72</b>	6,144.77	5,894.47
	Capital work-in-progress	5	<b>9.75</b>	37.68	12.00
	Financial Assets	6			
	Other Financial Assets		<b>748.45</b>	742.02	630.69
	Other Non Current Assets	7	<b>212.55</b>	266.39	312.02
	Current Income Tax (Net)		<b>90.13</b>	133.55	69.91
<b>2)</b>	<b>Current Assets</b>				
	Inventories	8	<b>5,177.57</b>	5,687.48	5,716.79
	Financial Assets	9			
	(a) Trade Receivables		<b>2,199.17</b>	1,995.67	2,183.96
	(b) Cash and Cash Equivalents		<b>78.41</b>	76.98	248.11
	(c) Bank balances other than above		<b>42.98</b>	45.25	70.69
	(d) Other Financial Assets		<b>44.31</b>	84.95	200.15
	Other Current Assets	10	<b>422.73</b>	251.81	194.01
	<b>Total Assets</b>		<b>16,579.77</b>	<b>15,466.55</b>	<b>15,532.80</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
	Equity Share Capital	11	<b>675.62</b>	675.62	675.62
	Other Equity	12	<b>11,079.16</b>	9,995.15	10,358.76
<b>LIABILITIES</b>					
<b>1)</b>	<b>Non-Current Liabilities</b>				
	Financial Liabilities	13			
	(a) Borrowings		-	75.00	175.00
	(b) Other Financial Liabilities		<b>87.72</b>	71.38	45.95
	Deferred Tax Liabilities (Net)	14	<b>240.23</b>	111.15	304.54
	Provisions	15	<b>37.51</b>	47.98	54.68
	Other Non-Current Liabilities	16	<b>60.36</b>	75.94	88.41
<b>2)</b>	<b>Current Liabilities</b>				
	Financial Liabilities	17			
	(a) Borrowings		<b>1,579.66</b>	1,357.17	1,244.20
	(b) Trade Payables		<b>1,160.51</b>	985.67	596.50
	(c) Other Financial Liabilities		<b>1,315.62</b>	1,625.48	1,591.27
	Other Current Liabilities	18	<b>275.42</b>	380.61	362.49
	Provisions	19	<b>67.96</b>	65.40	35.38
	<b>Total Equity and Liabilities</b>		<b>16,579.77</b>	<b>15,466.55</b>	<b>15,532.80</b>



See accompanying notes to the financial statements  
As per our report of even date attached  
for J. P., KAPUR & UBERAI  
Chartered Accountants  
(Firm Registration No.000593N)

**Vinay Jain**  
PARTNER  
(Membership No. 095187)

**Place: New Delhi**  
**Date: 23 May, 2018**

For and on behalf of the Board of Directors

**Anil Moolchandani**  
Chairman and Managing Director

**Dilip Seth**  
Director (Finance) and CFO

**Gautam**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018**

(₹ in Lacs)

	Particulars	Note	31 MARCH 2018	31 MARCH 2017
<b>I.</b>	<b>INCOME</b>			
	Revenue from operations			
	Sale of Products (including excise duty)		<b>15,644.28</b>	18,460.96
	Other Operating Revenue	20	<b>137.79</b>	165.14
	<b>Revenue from Operation</b>		<b>15,782.07</b>	18,626.10
	Other income	21	<b>202.39</b>	212.10
	<b>Total Revenue</b>		<b>15,984.46</b>	<b>18,838.20</b>
<b>II.</b>	<b>EXPENSES</b>			
	Cost of materials consumed	22	<b>872.83</b>	925.50
	Purchases of Traded Goods	23	<b>4,582.88</b>	6,056.47
	Changes in Inventories of Manufactured Goods, Work-in-Progress and Traded Goods	24	<b>285.62</b>	19.77
	Employee benefits expense	25	<b>3,141.23</b>	3,413.92
	Finance costs	26	<b>282.35</b>	302.22
	Depreciation	4	<b>402.96</b>	380.99
	Other expenses	27	<b>6,704.38</b>	8,302.35
	<b>Total Expenses</b>		<b>16,272.25</b>	<b>19,401.22</b>
<b>III.</b>	<b>Profit/(Loss) before tax</b>		<b>(287.79)</b>	(563.02)
<b>IV.</b>	<b>Tax expense</b>			
	Current tax		-	-
	Deferred tax	14	<b>(50.83)</b>	(193.43)
<b>V.</b>	<b>Profit/(Loss) for the year</b>		<b>(236.96)</b>	(369.59)
<b>VI.</b>	<b>Other Comprehensive Income</b>			
	Items that will not be reclassified to profit or loss			
	Changes in revaluation surplus		<b>1,488.38</b>	-
	Income tax related to the above adjustment		<b>(177.28)</b>	-
	Remeasurements of defined benefit plans		<b>9.45</b>	0.14
	Income tax related to the above adjustment	14	<b>(2.63)</b>	(0.04)
	<b>Total</b>		<b>1,317.92</b>	<b>0.10</b>
<b>VII.</b>	<b>Total Comprehensive Income for the year</b>		<b>1,080.96</b>	(369.49)
	Earnings per equity share			
	Basic	30	<b>(0.70)</b>	(1.09)
	Diluted		<b>(0.70)</b>	(1.09)

See accompanying notes to the financial statements

 As per our report of even date attached  
for J. P., KAPUR & UBERAI

 Chartered Accountants  
(Firm Registration No.000593N)

For and on behalf of the Board of Directors

**Anil Moolchandani**

Chairman and Managing Director

**Vinay Jain**

PARTNER

(Membership No. 095187)

**Place: New Delhi**
**Date: 23 May 2018**
**Dilip Seth**

Director (Finance) and CFO

**Gautam**

Company Secretary



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	(₹In Lacs)		
	31 March 2018	31 March 2017	1 April 2016
Equity Share Capital (Refer Note No 11)	675.62	675.62	675.62
	<b>675.62</b>	<b>675.62</b>	<b>675.62</b>

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserves	General Reserve	Retained Earnings	Changes in Revaluation Surplus	
<b>Balance as at 01 April 2016</b>	<b>159.50</b>	<b>737.96</b>	<b>5,113.77</b>	<b>4,347.53</b>	-	<b>10,358.76</b>
Add: Previous Years' Tax Adjustments	-	-	-	18.01	-	18.01
Other Comprehensive Income (Remeasurements of defined benefit plans (Net of taxes))	-	-	-	0.10	-	0.10
Less: Provision for CSR u/s section 135 of Companies Act 2013. (During the year ₹ 4.5 were spent on CSR Activities (31 March 2016 ₹ 32))	-	-	-	(12.13)	-	(12.13)
Profit / (Loss) for the year	-	-	-	(369.59)	-	(369.59)
<b>Balance as at 31 March 2017</b>	<b>159.50</b>	<b>737.96</b>	<b>5,113.77</b>	<b>3,983.92</b>	-	<b>9,995.15</b>
Add: Previous Years' Tax Adjustments	-	-	-	4.42	-	4.42
Changes in revaluation surplus (Net of Taxes)	-	-	-	-	1311.10	1,311.10
Other Comprehensive Income (Remeasurements of defined benefit plans (Net of taxes))	-	-	-	6.82	-	6.82
Less: Provision for CSR u/s section 135 of Companies Act 2013. (During the year ₹ 9 were spent on CSR Activities (31 March 2017 ₹ 4.50))	-	-	-	(1.37)	-	(1.37)
Profit / (Loss) for the year	-	-	-	(236.96)	-	(236.96)
<b>Balance as at 31 March 2018</b>	<b>159.50</b>	<b>737.96</b>	<b>5,113.77</b>	<b>3,756.83</b>	<b>1,311.10</b>	<b>11,079.16</b>

See accompanying notes to the financial statements

As per our report of even date attached  
for J. P., KAPUR & UBERAI  
Chartered Accountants  
(Firm Registration No.000593N)

For and on behalf of the Board of Directors

Vinay Jain  
PARTNER  
(Membership No. 095187)

**Anil Moolchandani**  
Chairman and Managing Director

**Place: New Delhi**  
**Date: 23 May, 2018**

**Dilip Seth**  
Director (Finance) and CFO

**Gautam**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

(₹ in Lacs)

PARTICULARS	31 MARCH 2018	31 MARCH 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (loss) before Taxation	(287.79)	(563.02)
Adjustments for :		
Add :		
Depreciation	402.96	380.99
Interest paid	204.80	221.13
Ind AS adjustments (net)	12.58	19.65
Loss (net of profit) on Sale / Disposal of Property Plant & Equipment	74.14	79.31
<b>Less :</b>		
Interest Income received	(8.06)	(10.33)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>398.63</b>	<b>127.73</b>
Adjustments for :		
Decrease/(Increase) in Trade Receivables	(203.49)	188.29
Decrease/(Increase) in Inventories	509.92	29.30
Decrease/(Increase) in Other Financial Assets and Other Current Assets	(83.40)	(8.24)
Increase/ ( Decrease) in Trade Payable	174.84	389.17
Increase/ ( Decrease) in Other financial liabilities, other liabilities and provisions	(420.72)	52.11
Direct Taxes (paid) / Income Tax Refund	43.42	(45.63)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>419.20</b>	<b>732.72</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments towards Capital Expenditure	(378.95)	(740.42)
Proceeds From Sale of Property, Plant and Equipment	9.74	8.98
Redemption / (Investment) in Fixed Deposits having maturity of more than three months	2.28	25.42
Interest Income received	8.06	10.33
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(358.87)</b>	<b>(695.69)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (net)	(75.00)	(100.00)
Proceeds from Short Term Borrowings (net)	222.48	112.98
Interest paid on loan	(204.80)	(221.13)
Dividend Paid (Including Tax on Dividend)	(1.58)	(0.02)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(58.90)</b>	<b>(208.17)</b>
Net Increase/ (Decrease) in Cash And Cash Equivalents (A) + (B) + (C)	1.43	(171.13)
Cash and Cash Equivalents (Opening)	76.98	248.11
<b>Cash and Cash Equivalents (Closing)</b>	<b>78.41</b>	<b>76.98</b>

Summary of Significant Accounting Policies (Refer Note No.2)

As per our report of even date attached  
for J. P., KAPUR & UBERAI  
Chartered Accountants  
(Firm Registration No.000593N)

For and on behalf of the Board of Directors

Vinay Jain  
PARTNER  
(Membership No. 095187)

**Anil Moolchandani**  
Chairman and Managing Director

**Place: New Delhi**  
**Date: 23 May 2018**

**Dilip Seth**  
Director (Finance) and CFO

**Gautam**  
Company Secretary



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 1. GENERAL INFORMATION

Archies Ltd. is a public limited company, domiciled in India and its shares are listed on N.S.E. and B.S.E. The Company is a leader in the social expression industry in India and deals in Greeting Cards, Gifts and Stationery Products under the Brand name "Archies". The Company has 20 branches spread all over India and performs its operations through a systematic distribution network comprising of company owned Stores, Franchisee, Distributors and Retailers. It also exports its products.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Basis of preparation of Financial Statements

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 - "First time adoption of Indian Accounting Standards". The transition was carried out from Accounting Principles generally accepted in India (IGAAP) as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the previous GAAP. Reconciliation and descriptions of the effect of the transition has been summarised in Note 3.2.

Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III Division II to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

#### 2.2 Use Of Estimates And Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Their effects, if material, are disclosed in the notes to the financial statements.

### Critical accounting estimates

#### i) Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

#### ii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

### 2.3 Property, Plant and Equipment

#### i) Recognition

The cost of an item of property, plant and equipment shall be recognised as an asset only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably.

#### ii) Measurement

##### a) Freehold Land

Freehold land is initially recorded at cost and is subsequently stated at fair value based on periodic, but at least triennial, valuations by external independent valuer, less accumulated impairment losses (if any).

Increase in the carrying amount arising on revaluation is recognised, net of tax, in other comprehensive income and accumulated in other equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in profit or loss. Decrease that reverse previous increases are first recognised in other comprehensive income to the extent of the remaining surplus attributable to it; all other decreases are charged to profit or loss.

##### b) Other Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation, accumulated impairment losses, if any and tax credit wherever claimed.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not available for use before such date are disclosed under 'Capital work-in-progress'.

### iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably.

### iv) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset or other amount substituted for costs, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives for each property, plant and equipment from the date the assets are available for use.

The estimated useful lives are as follows:

• Factory Building	30 years
• Plant and Machinery*	15 years
• Furniture & Fittings*	10-30 years
• Office Equipment	5 years
• Vehicles*	8-15 years
• Building (Other than Factory)	60 years
• Residential Building	60 years
• Computers	3-6 years
• Pollution Control Equipment	15 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end with the effect of any changes in estimate accounted for on a prospective basis.

Individual assets costing upto ₹5,000/- are depreciated at the rate of 100%.

Leasehold improvements are depreciated over the lease term or useful lives of the underlying asset, whichever is shorter.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

*\* Based on Management's estimate, it is believed that the useful life as given above best represents the period over which management expects to use these assets, hence, the useful lives for these assets are different from the useful lives as prescribed under part C of Schedule II of the Companies Act, 2013.*

## 2.4 Financial Instruments

### i) Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than

financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

### ii) Subsequent Measurement

Financial Assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

### iii) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### iv) Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 2.5 Measurement of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Input for the asset or liability that is not based on observable market data (unobservable inputs).

### 2.6 Impairment

#### i) Financial Assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting

date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

#### ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, primarily property, plant and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.7 Inventories

- i) Manufactured Goods, Work-in-Progress, Traded Goods and Raw Materials are valued at lower of cost and net realisable value.
- ii) Other Misc. Inventories are valued at cost.
- iii) The valuation of inventory is being done based on FIFO (First in First Out) method.

The finished goods, which are not saleable, are categorised as dead stock, which are taken and valued at net realisable value. The Company has consistently followed this method of valuation of inventory.

### 2.8 Branch Accounting

Stock is being transferred to the Branches at a Mark-up to the cost price and is valued accordingly by the Branch but at the time of consolidation, the same is valued at as per valuation basis adopted by the Company.

### 2.9 Employee Benefits

#### i) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include salaries, wages, bonus and performance incentives.

#### ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts once the contribution has been paid. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

#### iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods,

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

discounting that amount and deducting the fair value of any plan assets. The Company has taken the group gratuity policy under Cash Accumulated Scheme of Life Insurance Corporation of India (LIC). The contribution in respect of such scheme, based on the advices received from LIC, is made to the Gratuity Fund Trust. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projecting unit credit method.

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset and liability. Gains and Losses through the measurements of the net defined benefit liability / (asset) are recognised in other comprehensive income. The actual return of portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effects of any plan amendments are recognised in the net profit in Statement of Profit and Loss.

Leave encashment due to employees is covered by the New Group Leave encashment Plan under Cash Accumulation Scheme of Life Insurance Corporation of India (LIC). The Company retains leave accumulation upto 30 days and liability is recognised in the Statement of Profit and Loss on the basis of actuarial valuation performed by an Independent Actuary.

### 2.10 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows, if material, (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

### 2.11 Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 2.12 Foreign Currency Transactions

The Company's financial statements are presented in Indian rupee (INR), which is also the company's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that

are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences resulting from such transactions are recognised in profit or loss.

### 2.13 Revenue Recognition

#### Sale of Goods

Revenue from sale of goods / job work is recognised when the sales / job work has been completed with the passing of title and are recorded net of returns, trade discounts, rebates, tax credits but includes excise duty recovered from the customers.

Sales on consignment basis are recognised upon receiving confirmation of sale from consignee.

Royalties accrue in accordance with the terms of the relevant agreement and are recognised on that basis.

#### Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR) method as set out in IND AS 109.

#### Dividend Income

Dividend Income from investment is recognised when the right to receive the same is established, i.e. when shareholders approve the dividend.

### 2.14 Income Tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

#### i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

Deferred tax is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

### 2.15 Segment Reporting

#### (i) Primary Segment

The Company operates in three primary business segments - Greeting cards, Stationery and Gifts.

#### (ii) Secondary Segment

The Company has operations within India as well as entities located in other countries. Its reportable segment is based on geographical location of its customers.

### 2.16 Leases

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the period in which such benefits accrue.

### 2.17 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where the results would be anti-dilutive.

### 2.18 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.19 Applicability of New and Revised Ind AS

Ind AS 115 requires an entity to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It has been issued but not yet effective as on 31 March, 2018. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

### 2.20 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government Grants (Export Promotion Capital Goods License) relating to the purchase of capital goods are included in the Property, Plant and Equipment. Such Grants are also recognised under non-current liabilities as deferred income and recognised in the profit or loss as and when the export obligations are completed and presented within other income.

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 3 First-time Adoption of Ind-AS

These financial statements of Archies Limited for the year ended 31 March 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2016 as the transition date and IGAAP (Indian Generally Accepted Accounting Principles) as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes there to and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in note 3.2.1 and 3.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 3.1.

#### 3.1 Exemptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions:

- (a) The company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at 1 April 2016 measured as per the previous GAAP as its deemed cost on the date of transition.
- (b) The Company has determined the classification of financial assets at amortised cost based on facts and circumstances that existed on 01 April 2016.

## NOTES TO FINANCIAL STATEMENTS FOR THE ENDED 31 MARCH 2018

### 3.2 Reconciliations

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at 1 April 2016 and 31 March 2017
2. Net profit for the year ended 31 March 2017

#### 3.2.1 Reconciliation of equity as previously reported under IGAAP to IND AS

							(₹In Lacs)	
	Particulars	Note	1 April 2016 As per IGAAP	Effects of transition to Ind AS	1 April 2016 As per Ind AS	31 March 2017 as per IGAAP	Effects of transition to Ind AS	31 March 2017 As per Ind AS
<b>ASSETS</b>								
1)	<b>Non-Current Assets</b>							
	Property, Plant and Equipment	a	5,781.90	112.57	5,894.47	6,036.48	108.29	6,144.77
	Capital work-in-progress		12.00	0.00	12.00	37.68	-	37.68
	Intangible Assets							
	<b>Financial Assets</b>							
	Other Financial Assets		630.69	-	630.69	742.02	-	742.02
	Other Non-Current Assets	b	398.25	(86.23)	312.02	366.73	(100.34)	266.39
	Current Income Tax (Net)		69.91	-	69.91	133.55	-	133.55
2)	<b>Current Assets</b>							
	Inventories		5,716.79	-	5,716.79	5,687.48	-	5,687.48
	Financial Assets							
	(a) Trade Receivables	c	2,199.36	(15.40)	2,183.96	2,009.74	(14.07)	1,995.67
	(b) Cash and Cash Equivalents		248.11	-	248.11	76.98	-	76.98
	(c) Bank balances other than above		70.69	-	70.69	45.25	-	45.25
	(d) Other Financial Assets		200.15	-	200.15	84.95	-	84.95
	Other Current Assets	b	107.78	86.23	194.01	165.72	86.09	251.81
<b>Total Assets</b>			<b>15,435.63</b>	<b>97.17</b>	<b>15,532.80</b>	<b>15,386.58</b>	<b>79.97</b>	<b>15,466.55</b>
<b>EQUITY AND LIABILITIES</b>								
<b>EQUITY</b>								
	Equity Share Capital		675.62	-	675.62	675.62	-	675.62
	Other Equity	e	10,396.05	(37.29)	10,358.76	10,041.76	(46.61)	9,995.15
<b>LIABILITIES</b>								
1)	<b>Non-Current Liabilities</b>							
	Financial Liabilities							
	(a) Borrowings		175.00	-	175.00	75.00	-	75.00
	(b) Other Financial Liabilities	d	-	45.95	45.95	-	71.38	71.38
	Deferred Tax Liabilities (Net)	e	323.13	(18.59)	304.54	144.36	(33.21)	111.15
	Provisions		54.68	-	54.68	47.98	-	47.98
	Other Non-Current Liabilities	a	-	88.41	88.41	-	75.94	75.94



**NOTES TO FINANCIAL STATEMENTS FOR THE ENDED 31 MARCH 2018**

<b>2) Current Liabilities</b>							
Financial Liabilities							
(a) Borrowings		1,244.20	-	1,244.20	1,357.17	-	1,357.17
(b) Trade Payables		596.50	-	596.50	985.67	-	985.67
(c) Other Financial Liabilities		1,591.27	-	1,591.27	1,625.48	-	1,625.48
Other Current Liabilities	a	343.80	18.69	362.49	368.14	12.47	380.61
Provisions		35.38	-	35.38	65.40	-	65.40
<b>Total Equity and Liabilities</b>		<b>15,435.63</b>	<b>97.17</b>	<b>15,532.80</b>	<b>15,386.58</b>	<b>79.97</b>	<b>15,466.55</b>

**Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS**

- (a) Effect of Government Grant received in the form of EPCG related to Property, Plant and Equipment which was net off against the purchase amount of Property, Plant and Equipment in IGAAP and added (net off accumulated depreciation) to the Property, Plant and Equipment under Ind AS and deferred income related to government grants (EPCG) shown under Other Non-Current Liabilities.
- (b) The company has measured the interest free lease security deposits at amortised cost under Ind AS compared to being carried at cost under IGAAP. Difference between the amortised cost under Ind AS and carrying value under IGAAP has been recognised as Prepayment classified under "Other Current Assets" and "Other Non Current Assets".
- (c) Reflect the loss allowance recognised using life time expected credit loss model (refer note no. 2.6)
- (d) Adjustment reflects the amount of Deferred Rent Obligation created on straight lining the lease payments to comply with Ind AS-17 "LEASES".
- (e) Corresponding effects of the adjustments made above have been taken in "Other Equity" and "Deferred Tax Assets (Net)".

## NOTES TO FINANCIAL STATEMENTS FOR THE ENDED 31 MARCH 2018

### 3.2.2 Reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS

(₹ In Lacs)

	Particulars	Notes	31 March 2017 As per IGAAP	Effects of transition to Ind As	31 March 2017 As per Ind As
<b>I.</b>	<b>INCOME</b>				
	<b>Revenue from operations</b>				
	Sale of Products (including excise duty)	f	18,389.59	71.37	18,460.96
	Other Operating Revenue		165.14		165.14
	Revenue from Operations		18,554.73	71.37	18,626.10
	Other income	g	112.21	99.89	212.10
	<b>Total Revenue</b>		<b>18,666.94</b>	<b>171.26</b>	<b>18,838.20</b>
<b>II.</b>	<b>EXPENSES</b>				
	Cost of materials consumed		925.50	-	925.50
	Purchases of Traded Goods		6,056.47	-	6,056.47
	Changes in Inventories of Manufactured Goods, Work-in-Progress and Traded Goods		19.77	-	19.77
	Employee benefits expense	h	3,413.78	0.14	3,413.92
	Finance costs		302.22	-	302.22
	Depreciation	i	376.69	4.30	380.99
	Other expenses	j,g & h	8,111.44	190.91	8,302.35
	<b>Total Expenses</b>		<b>19,205.87</b>	<b>195.35</b>	<b>19,401.22</b>
<b>III.</b>	<b>Profit/(Loss) before tax</b>		<b>(538.92)</b>	<b>(24.10)</b>	<b>(563.02)</b>
<b>IV.</b>	<b>Tax Expense</b>				
	Current tax		-	-	-
	Deferred tax	k	(178.76)	(14.67)	(193.43)
<b>V.</b>	<b>Profit/(Loss) for the year</b>		<b>(360.16)</b>	<b>(9.43)</b>	<b>(369.59)</b>
<b>VI.</b>	<b>Other Comprehensive Income</b>				
	Items that will not be reclassified to profit or loss				
	Remeasurement of the net defined benefit liability/asset	h	-	0.14	0.14
	Income tax related to the above adjustment	k	-	(0.04)	(0.04)
<b>VII.</b>	<b>Total Comprehensive Income for the year</b>		<b>(360.16)</b>	<b>(9.33)</b>	<b>(369.49)</b>

#### Explanations for reconciliation of Profit and loss as previously reported under IGAAP to IND AS

"Under IGAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled IGAAP profit to profit as per Ind AS. Further, IGAAP profit is reconciled to total comprehensive income as per Ind AS."

- (f) Under IGAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Corresponding impact of Excise duty on sale of goods is presented as a part of Other Expenses in the Statement of Profit and Loss.
- (g) Adjustments reflect recognition of Profit on recognising interest income on Security Deposits using Effective Interest Rate (EIR) under Ind AS compared to being carried at cost under IGAAP and unwinding of deferred income related to government grants (EPCG).
- (h) As per Ind AS 19 - "EMPLOYEE BENEFITS", actuarial gains and losses are recognised in Other Comprehensive Income and not reclassified to Profit and Loss in the subsequent year.
- (i) Effect of depreciation charged on additions made in Property, Plant and Equipment on account of Government Grant in the form of EPCG (Refer Note (a))
- (j) Adjustment reflects the amount of Rent Expense recognised on straight lining the lease payments to comply with Ind AS-17 "LEASES", the impact of interest free lease security deposits at amortised cost under Ind AS and loss allowance recognised using the life time expected credit loss model.
- (k) Adjustment reflects tax component of entries made under point (g), (h), (i) and (j)

### 3.2.3 Cash Flow Statement

There were no significant reconciliation between cash flows prepared under Indian GAAP and those prepared under Ind AS.



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 4 PROPERTY, PLANT AND EQUIPMENT

(₹ in lacs)

	Land	Factory Buildings	Plant and Machinery	Furniture & Fittings	Office Equipments	Vehicles	Buildings (Other than Factory)	Residential Building	Computers	Pollution Control Equipments	Total
Gross carrying amount											
At 1 April 2016	882.67	359.04	1,180.88	1,002.70	109.98	110.80	2,067.73	89.28	90.10	1.29	5,894.47
Additions	-	-	202.00	421.43	37.04	-	-	-	54.20	-	714.67
Disposals	-	-	0.10	283.20	42.96	37.30	-	-	33.21	-	396.77
At 31 March 2017	882.67	359.04	1,382.78	1,140.93	104.06	73.50	2,067.73	89.28	111.09	1.29	6,212.37
Additions	39.20	-	35.08	261.12	16.37	3.34	-	-	52.34	-	407.45
Disposals	-	-	-	168.81	26.85	122.91	-	-	18.23	-	336.80
Revaluation Surplus	1488.35	-	-	-	-	-	-	-	-	-	1488.35
At 31 March 2018	2410.25	359.04	1417.86	1233.24	93.58	(46.07)	2067.73	89.28	145.20	1.29	7771.40
Accumulated Depreciation											
At 1 April 2016	-	-	-	-	-	-	-	-	-	-	-
Depreciation during the year	-	14.35	68.27	152.99	44.54	16.89	35.86	1.47	46.43	0.19	380.99
Disposals	-	-	0.06	217.86	39.24	23.47	-	-	32.76	-	313.39
At 31 March 2017	-	14.35	68.21	(64.87)	5.30	(6.58)	35.86	1.47	13.67	0.19	67.60
Depreciation during the year	-	14.35	82.67	185.05	30.87	11.73	35.86	1.47	40.79	0.17	402.96
Disposals	-	-	-	132.08	25.41	77.61	-	-	17.80	-	252.90
At 31 March 2018	-	28.70	150.88	(11.90)	10.76	(72.46)	71.72	2.94	36.66	0.36	217.67
Net book value											
At 31 March 2018	2,410.25	330.34	1,266.98	1,245.14	82.82	26.39	1,996.01	86.34	108.54	0.93	7,553.72
At 31 March 2017	882.67	344.69	1,314.57	1,205.80	98.76	80.08	2,031.87	87.81	97.42	1.10	6,144.77
At 01 April 2016	882.67	359.04	1,180.88	1,002.70	109.98	110.80	2,067.73	89.28	90.10	1.29	5,894.47

Note:

1. During the Financial Year 2016-17, the Company has changed the estimated useful life of certain Property Plant & Equipment, owing to which the Depreciation has reduced by ₹ 217.82, resulting in corresponding reduction in loss.
2. Addition to Property Plant & Equipment during the year includes borrowing cost capitalised Nil (31 March 2017 Nil) and (01 April 2016 ₹ 2.84)
3. For details of hypothecated Property, Plant & Equipment, refer to Note No. 13(a) & 17(a).
4. Land has been revalued during the year by an independent valuer. The carrying amount of asset would have been ₹ 921.87 had the asset been carried under the cost model.

### 5 CAPITAL WORK - IN- PROGRESS

(₹ in lacs)

	31 March 2018	31 March 2017	1 April 2016
Opening Capital Work In Progress	37.68	12.00	19.43
Add Additions during the year	182.17	422.19	91.28
Less Capitalised during the year	210.10	396.51	98.71
Closing Capital Work In Progress	9.75	37.68	12.00

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 6 FINANCIAL ASSETS

(₹ in Lacs)

	31 MARCH 2018	31 MARCH 2017	1 April 2016
(Unsecured and Considered Good)			
Other Financial Assets (Carried at amortised Cost)			
Security Deposits*	748.45	742.02	630.69

\*Security deposit includes ₹12.6 (31 March 2017 ₹12.6 , 1 April 2016 ₹12.6) to a private company in which the directors of the company are interested. Prepayment portion on the same is included in "Other Non Current Assets" and "Other Current Assets" as per Note no. 7 & 10 respectively.

### 7 OTHER NON CURRENT ASSETS

	31 MARCH 2018	31 MARCH 2017	1 April 2016
(Unsecured and Considered Doubtful)			
Advances to Suppliers	23.57	23.57	23.57
Less: Provision for Doubtful Advances	23.57	23.57	23.57
	-	-	-
(Unsecured and Considered Good)			
Capital Advances	2.22	2.77	2.71
Prepaid Expenses	0.65	6.29	4.92
Prepayment	173.30	218.89	261.12
Security Deposits	33.80	35.48	36.16
Advance to Staff	1.99	2.47	2.27
Others	0.59	0.49	4.84
<b>Total</b>	<b>212.55</b>	<b>266.39</b>	<b>312.02</b>

### 8 INVENTORIES

	31 MARCH 2018	31 MARCH 2017	1 April 2016
Raw Materials	48.41	103.99	108.56
Work in Progress	30.21	32.62	31.96
Manufactured Goods	983.10	885.03	933.96
Traded Goods	4,115.85	4,659.10	4,630.79
Other Misc. Inventories	-	6.74	11.52
<b>Total</b>	<b>5,177.57</b>	<b>5,687.48</b>	<b>5,716.79</b>



NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

<b>9 FINANCIAL ASSETS</b>	(₹ in Lacs)		
	<b>31 MARCH 2018</b>	31 MARCH 2017	1 April 2016
<b>a) Trade Receivables</b>			
Unsecured, considered doubtful	32.47	22.79	20.68
Less: Provision for Doubtful Debts	32.47	22.79	20.68
	-	-	-
Unsecured, considered good	2,214.67	2,009.74	2,199.36
Less: Allowance of credit losses*	(15.50)	(14.07)	(15.40)
<b>Total</b>	<b>2,199.17</b>	<b>1,995.67</b>	<b>2,183.96</b>
*Reflect the loss allowance recognised using life time expected credit loss model (refer note 2.6).			
<b>b) Cash and Cash Equivalents</b>			
Balance with Banks	51.15	46.07	208.01
Cash on Hand	27.26	30.91	40.10
<b>Total</b>	<b>78.41</b>	<b>76.98</b>	<b>248.11</b>
<b>c) Bank balances other than above</b>			
Unclaimed Dividend Accounts	7.48	9.05	9.07
Fixed Deposits with Banks*	31.36	32.75	60.13
Interest Accrued but not due on Fixed Deposit	4.14	3.45	1.49
<b>Total</b>	<b>42.98</b>	<b>45.25</b>	<b>70.69</b>
*Deposited against Margin Money and Sales Tax Department			
<b>d) Other Financial Assets</b>			
(Unsecured, considered good)			
Security Deposits	35.40	71.17	176.22
Others	8.91	13.78	23.93
<b>Total</b>	<b>44.31</b>	<b>84.95</b>	<b>200.15</b>
<b>10 OTHER CURRENT ASSETS</b>			
	<b>31 MARCH 2018</b>	31 MARCH 2017	1 April 2016
(Unsecured, considered good)			
Balance with Government Authorities	108.04	19.93	0.76
Advances to Suppliers	203.49	109.31	68.95
Prepaid Expenses	28.65	22.39	23.36
Prepayment	69.58	86.09	86.23
Advances to staff	6.85	6.82	7.08
Others	6.12	7.27	7.63
<b>Total</b>	<b>422.73</b>	<b>251.81</b>	<b>194.01</b>

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 11 EQUITY SHARE CAPITAL

(₹ in Lacs)

	31 MARCH 2018	31 MARCH 2017	1 April 2016
<b>Authorised Capital</b>			
750,00,000 (31 March 2017, 750,00,000) and (01 April 2016, 750,00,000) Equity Shares of ₹2/- each	1,500.00	1,500.00	1,500.00
<b>Issued, Subscribed and Paid up</b>			
337,80,000 (31 March 2017, 337,80,000) and (01 April 2016, 337,80,000) Equity Shares of ₹2/- each fully paid up.	675.60	675.60	675.60
Forfeited Shares	0.02	0.02	0.02
	<b>675.62</b>	<b>675.62</b>	<b>675.62</b>

#### Details of Shareholders holding more than 5% Equity Shares in the company

Equity Shares of ₹2 each fully paid up	31 MARCH 2018		31 MARCH 2017		1 April 2016	
	No. in Equity Shares held	% holding in the class	No. in Equity Shares held	% holding in the class	No. in Equity Shares held	% holding in the class
Anil Moolchandani	6,843,900.00	20.26	6,793,900.00	20.11	6,793,900.00	20.11
Jagdish Moolchandani	4,253,230.00	12.59	4,253,230.00	12.59	4,253,230.00	12.59
Pushpa Moolchandani	2,964,250.00	8.78	2,964,250.00	8.78	2,964,250.00	8.78
Karan Moolchandani	1,852,000.00	5.48	1,852,000.00	5.48	1,852,000.00	5.48
Raghav Moolchandani	1,808,120.00	5.35	1,808,120.00	5.35	1,808,120.00	5.35



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 12 OTHER EQUITY

(₹ in Lacs)

	31 MARCH 2018	31 MARCH 2017	1 April 2016
<b>a) Capital Reserve</b>			
Forfeiture of Share Warrants	159.50	159.50	159.50
Closing Balance	<b>159.50</b>	<b>159.50</b>	<b>159.50</b>
<b>b) Securities Premium Account</b>			
Opening Balance	737.96	737.96	737.96
Closing Balance	<b>737.96</b>	<b>737.96</b>	<b>737.96</b>
<b>c) General Reserve</b>			
Opening Balance	5,113.77	5,113.77	5,113.77
Closing Balance	<b>5,113.77</b>	<b>5,113.77</b>	<b>5,113.77</b>
<b>d) Surplus in Statement of Profit and Loss</b>			
Opening Balance	3,983.92	4,347.53	4,347.53
Add: Previous Years' Tax Adjustments	4.42	18.01	-
Other Comprehensive Income (Remeasurements of defined plans (Net of Taxes)	6.82	0.10	-
Add : Profit/(Loss) for the Year	(236.96)	(369.59)	-
	3758.20	3996.05	4347.53
Less : Appropriations			
Provision for CSR u/s section 135 and 198 of Companies Act 2013. (During the year ₹ 9 were spent on CSR Activities (31 March 2017 ₹ 4.5 1 April 2016 ₹ 32)	(1.37)	(12.13)	-
Closing Balance	<b>3756.83</b>	<b>3983.92</b>	<b>4347.53</b>
<b>e) Other Comprehensive Income</b>			
Changes in Revaluation Surplus (Net of Taxes)	1,311.10	-	-
TOTAL (a) + (b) + (c) + (d) + (e)	<b>11,079.16</b>	<b>9,995.15</b>	<b>10,358.76</b>

### 13 FINANCIAL LIABILITIES

	31 MARCH 2018	31 MARCH 2017	1 April 2016
<b>a) Borrowings</b>			
Secured Loans			
Term Loan - Citi Bank N.A. (Refer Note (i, ii and iii) below)	-	75.00	175.00
<div style="border: 1px solid black; padding: 5px;">                     i)- Exclusive charge on all assets funded out of term loan from Citi Bank.                      ii)- The loan is repayable in Equated Installments from the date of drawdown of term loan.                      iii)- The charges stated above are also applicable for securing the current portion of Long Term Liabilities as per Note no. 17 (c)                 </div>			
<b>b) Other Financial Liabilities</b>			
Deferred Rent Obligations	87.72	71.38	45.95

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 14 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

	31 MARCH 2018	31 MARCH 2017	1 April 2016
<b>Deferred Tax Liabilities</b>			
Property, Plant & Equipment	692.36	490.53	395.52
(a)	<b>692.36</b>	490.53	395.52
<b>Deferred Tax Assets</b>			
Employee Benefits	47.44	59.19	55.62
Deferred Rent Obligation	24.40	23.77	17.07
Unabsorbed Depreciation and Losses	354.40	277.13	3.66
Others	25.89	19.29	14.63
(b)	<b>452.13</b>	379.38	90.98
Deferred Tax Assets/(Liabilities) (Net)	(a-b) 240.23	111.15	304.54
Deferred Tax Charged to Statement of Profit and Loss	<b>(50.83)</b>	<b>(193.43)</b>	
Deferred Tax Charged to Other Comprehensive Income	179.91	0.04	

### 15 PROVISIONS

	31 MARCH 2018	31 MARCH 2017	1 April 2016
Provision for employee benefits			
Leave encashment (Refer Note No. 34)	37.51	47.98	54.68
<b>Total</b>	<b>37.51</b>	<b>47.98</b>	<b>54.68</b>

### 16 OTHER NON CURRENT LIABILITIES

	31 MARCH 2018	31 MARCH 2017	1 April 2016
Deferred Income	60.36	75.94	88.41



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 17 FINANCIAL LIABILITIES

(₹ in Lacs)

	31 MARCH 2018	31 MARCH 2017	1 April 2016
<b>a) Borrowings</b> (Loans repayable on demand) -			
<b>Secured Loans</b> WCDL, Cash Credit, Buyer's Credit from Banks (refer note (i, ii and iii) below)	1,164.66	1,357.17	1,244.20
<b>Unsecured Loans</b> Loan from Director	415.00	-	-
<b>Total</b>	<b>1,579.66</b>	<b>1,357.17</b>	<b>1,244.20</b>
<p>i)- Pari passu first charge in favour of Kotak Mahindra Bank Ltd. and Indusind Bank Ltd. by way of hypothecation of Stocks, Book Debts and Movable Fixed Assets, both present and future, except assets specifically hypothecated.                      ii)- Pari passu first charge in favour of Kotak Mahindra Bank Ltd. and Indusind Bank Ltd. on the immovable property situated at Plot No. 260, Sector 6, IMT Manesar, Gurgaon, Haryana.                      iii)- Personal Guarantee of Mr. Anil Moolchandani, CMD and Mr. Jagdish Moolchandani ED.</p>			
<b>b) Trade Payables</b> Amount due to Micro and Small Enterprises Amount due to Others	2.19 1,158.32	1.80 983.87	2.66 593.84
<b>Total</b>	<b>1,160.51</b>	<b>985.67</b>	<b>596.50</b>
<b>c) Other Financial Liabilities</b> Security Deposit (Received from Franchisees, Agents & Distributors) Current Maturities of Long-Term Borrowings Interest accrued but not due Accrued Salary & Other Benefits Other Payables for Expenses	585.08 76.18 0.23 254.70 399.43	638.24 100.00 3.01 303.91 580.32	668.92 100.00 2.54 307.69 512.12
<b>Total</b>	<b>1,315.62</b>	<b>1,625.48</b>	<b>1,591.27</b>

### 18 OTHER CURRENT LIABILITIES

	31 MARCH 2018	31 MARCH 2017	1 April 2016
Advance from Customers	114.57	115.70	50.67
Statutory Liabilities	78.40	146.20	144.21
Expenses Payable	59.39	97.19	139.84
Unclaimed Dividend	7.48	9.05	9.07
Deferred Income	15.58	12.47	18.70
<b>Total</b>	<b>275.42</b>	<b>380.61</b>	<b>362.49</b>

### 19 PROVISIONS

	31 MARCH 2018	31 MARCH 2017	1 April 2016
Leave encashment (Refer Note No. 34)	20.60	21.65	16.19
Gratuity (Refer Note No. 34)	47.36	43.75	19.19
<b>Total</b>	<b>67.96</b>	<b>65.40</b>	<b>35.38</b>

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

**20 OTHER OPERATING REVENUE**

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017
Scrap Sales	2.66	6.90
Income from Business Auxillary Services	104.17	94.65
Other	30.96	63.59
<b>Total</b>	<b>137.79</b>	<b>165.14</b>

**21 OTHER INCOME**

	Year ended 31 March 2018	Year ended 31 March 2017
Interest Income on financial assets-carried at amortised cost		
a) Fixed Deposit with Banks	2.62	3.08
b) Security Deposits	93.40	81.19
c) Other	5.44	7.25
Profit on sale of Property, Plant and Equipment	0.23	0.43
Rent Received	56.25	67.18
Unwinding of Deferred Income of Government Grant	12.47	18.70
Net gain on translation of foreign currency transactions	23.24	34.16
Miscellaneous Income	8.74	0.11
<b>Total</b>	<b>202.39</b>	<b>212.10</b>

**22 COST OF RAW MATERIAL CONSUMED**

	Year ended 31 March 2018	Year ended 31 March 2017
Opening Stock	103.99	108.56
Add : Purchases	817.25	920.93
<b>Total</b>	<b>921.24</b>	<b>1,029.49</b>
Less: Closing Stock	48.41	103.99
<b>Total</b>	<b>872.83</b>	<b>925.50</b>

**23 PURCHASES OF TRADED GOODS**

Traded Goods	4,582.88	6,056.47
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**24 CHANGES IN INVENTORIES OF MANUFACTURED GOODS, FINISHED GOODS AND WORK-IN-PROGRESS**

	Year ended 31 March 2018	Year ended 31 March 2017
<b>Opening Stock</b>		
Manufactured Goods	885.03	933.96
Work-in-progress	32.62	31.96
Traded Goods	4,659.10	4,630.79
<b>Total (a)</b>	<b>5,576.75</b>	<b>5,596.71</b>
<b>Closing Stock</b>		
Manufactured Goods	983.10	885.03
Work-in-progress	30.21	32.62
Traded Goods	4,115.85	4,659.10
<b>Total (b)</b>	<b>5,129.16</b>	<b>5,576.75</b>
Less: Stock Loss (c)	-	0.19
Less: Transitional Cenvat Credit-Stock as on 30.06.2017(d)	161.97	-
<b>Net Change (a)-(b)-(c)-(d)</b>	<b>285.62</b>	<b>19.77</b>



NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

**25 EMPLOYEE BENEFITS EXPENSE**

	Year ended 31 March 2018	Year ended 31 March 2017
Salary, Wages and Other Benefits	2,860.38	3,133.93
Contribution to Provident and Other Funds	229.94	228.90
Staff Welfare Expenses	50.91	51.09
<b>Total</b>	<b>3,141.23</b>	<b>3,413.92</b>

(₹ in Lacs)

(Employee benefit expenses include ₹ Nil (31 March 2017 ₹ 96.21 Lacs) pertaining to Retrenchment compensation paid by the Company).

**26 FINANCE COST**

	Year ended 31 March 2018	Year ended 31 March 2017
Financial Charges	77.55	81.09
Interest	204.80	221.13
<b>Total</b>	<b>282.35</b>	<b>302.22</b>

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

27 OTHER EXPENSES

(₹ in Lacs)

	Year ended 31 March 2018	Year ended 31 March 2017
Advertisement	151.07	279.36
Bad Debts	3.98	11.33
Doubtful Debts/ Expected Credit Loss / (gain)	11.12	0.79
Business Promotion & Development	360.54	503.60
Commission On Sales	765.31	1,101.02
Communication Expenses	64.86	92.56
Computer Expenses	46.53	38.78
Consumables (i)	25.46	21.11
Conveyance	83.70	113.63
Director's Sitting Fees	2.02	2.33
Discount Allowed	75.88	206.92
Electricity & Water Expenses	429.93	483.17
Excise duty	18.62	62.51
Freight & Cartage (Outward)	31.43	58.21
Freight & Cartage Inward	298.17	381.75
General Expenses	52.76	45.03
Charity and Donations	4.10	3.61
Insurance	21.19	22.42
Jobwork	245.03	128.13
Legal & Professional Charges (ii)	73.78	99.52
Licence Fees	6.23	5.94
Loss due to fire	1.81	-
Loss on Sale/Deletion of Property, Plant & Equipment	74.37	79.75
Meeting & Conference Expenses	6.03	8.12
Office & Factory Maintenance	84.62	80.07
Postage, Packing & Forwarding	180.25	166.01
Power	69.27	69.83
Printing & Stationery	22.47	31.31
Rates & Taxes	8.82	10.91
Rent (Refer Note No. 37)	2,535.50	2,884.01
Amortisation of Prepayment relating to Security Deposit	100.68	95.44
Repair & Maintenance		
- Machinery	22.45	30.81
- Building	7.83	14.38
- Vehicles	43.26	66.19
- Others	128.10	147.40
Shop Maintenance	484.08	697.37
Travelling Expenses	113.05	197.07
Watch & Ward Expenses	50.08	61.96
<b>Total</b>	<b>6,704.38</b>	<b>8,302.35</b>

(i) Detail of Consumables	31 MARCH 2018		31 MARCH 2017	
	%Age of Total Consumption	Value (₹ in lacs)	%Age of Total Consumption	Value (₹ in lacs)
Indigenous	100.00	25.46	100.00	21.11
<b>Total</b>	<b>100.00</b>	<b>25.46</b>	<b>100.00</b>	<b>21.11</b>

(ii) Payment to and Provisions for Auditor	31 MARCH 2018	31 MARCH 2017
	(₹ in Lacs)	(₹ in Lacs)
As Auditor:		
Audit Fee	10.75	16.96
Branch Auditors	-	5.51
In Other Capacity:		
Certification	-	0.51
<b>Total</b>	<b>10.75</b>	<b>22.98</b>



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 28. CAPITAL AND OTHER COMMITMENT

Capital Commitment - Estimated amount of contracts remaining to be executed relating to Property, Plant and Equipment (net of advances) and not provided for ₹ 7.65 Lacs (31 March 2017 ₹ 17.77 Lacs and 1 April 2016 ₹ 13.00 Lacs)

Other Commitment - Estimated amount of contracts remaining to be executed on Other Commitment (net of advances) and not provided for ₹ 118.14 Lacs (31 March 2017 ₹ 78.22 Lacs and 1 April 2016 ₹ 36.33 Lacs)

### 29. CONTINGENT LIABILITIES :

	(₹ in Lacs)		
	31 MARCH 2018	31 MARCH 2017	01 APRIL 2016
a) Income Tax Demand (Block Period)*#	340.27*	340.27*	340.27*
b) Tax Deducted at Source**#	6.67**	0.00	0.00
c) Bank Guarantee	21.03	27.68	27.68
d) Custom duty saved on import of Capital goods under EPCG Scheme (Export obligation under the EPCG Scheme was ₹ 455.63 Lacs)	113.40	113.40	113.40

\*A demand of ₹ 340.27 Lacs was raised against the company in block assessment, the Income Tax Appellate Tribunal (ITAT) partly allowed appeal of the company and demand was reduced to ₹ 29.83 Lacs. The Income Tax Department has filed an appeal in Hon'ble High Court of Delhi against the order of the Hon'ble ITAT.

\*\*A demand of ₹ 6.67 Lacs was raised against the company by Assistant Commissioner of Income Tax for the FY 2010-11 vide order dated 28.03.2018. Company has filed an appeal against the said order with Commissioner of Income Tax (Appeals).

# Pending resolutions of the respective proceedings, it is not practicable for the company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/decisions pending with the various forums/authorities.

### 30. EARNING PER SHARE (IND AS - 33)

	31 MARCH 2018	31 MARCH 2017
Profit / (Loss) after Tax (₹ in Lacs)	(236.96)	(369.59)
Weighted Average Number of Equity Shares (No. in Lacs)	337.80	337.80
Nominal value per Equity Share (₹)	2/-	2/-
Basic & Diluted Earnings per Share (₹)	(0.70)	(1.09)

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### 31 FINANCIAL INSTRUMENTS

Financial Instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

Particulars	Amortised Cost	Total carrying value	(₹ in lacs)
			Total fair value & Amortised Cost
<b>Assets:</b>			
Other Financial Assets (Refer Note 6, 9c & 9d)	835.74	835.74	835.74
Trade Receivables (Refer Note 9a)	2,199.17	2,199.17	2,199.17
Cash and Cash Equivalents (Refer Note 9b)	78.41	78.41	78.41
<b>Total</b>	<b>3,113.32</b>	<b>3,113.32</b>	<b>3,113.32</b>
<b>Liabilities:</b>			
Borrowings (Refer Note 13a & 17a)	1,579.66	1,579.66	1,579.66
Trade Payables (Refer Note 17b)	1,160.51	1,160.51	1,160.51
Other Financial Liabilities (Refer Note 13b & 17c)	1,403.34	1,403.34	1,403.34
	4,143.51	4,143.51	4,143.51

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

Particulars	Amortised Cost	Total carrying value	(₹ in lacs)
			Total fair value & Amortised Cost
<b>Assets:</b>			
Other Financial Assets (Refer Note 6, 9c & 9d)	872.22	872.22	872.22
Trade Receivables (Refer Note 9a)	1,995.67	1,995.67	1,995.67
Cash and Cash Equivalents (Refer Note 9b)	76.98	76.98	76.98
<b>Total</b>	<b>2,944.87</b>	<b>2,944.87</b>	<b>2,944.87</b>
<b>Liabilities:</b>			
Borrowings (Refer Note 13a & 17a)	1,432.17	1,432.17	1,432.17
Trade Payables (Refer Note 17b)	985.67	985.67	985.67
Other Financial Liabilities (Refer Note 13b & 17c)	1,696.86	1,696.86	1,696.86
	4,114.70	4,114.70	4,114.70

The carrying value and fair value of financial instruments by categories as of 1 April 2016 were as follows:

Particulars	Amortised Cost	Total carrying value	(₹ in lacs)
			Total fair value & Amortised Cost
<b>Assets:</b>			
Other Financial Assets (Refer Note 6, 9c & 9d)	901.53	901.53	901.53
Trade Receivables (Refer Note 9a)	2,183.96	2,183.96	2,183.96
Cash and Cash Equivalents (Refer Note 9b)	248.11	248.11	248.11
<b>Total</b>	<b>3,333.60</b>	<b>3,333.60</b>	<b>3,333.60</b>
<b>Liabilities:</b>			
Borrowings (Refer Note 13a & 17a)	1,419.20	1,419.20	1,419.20
Trade Payables (Refer Note 17b)	596.50	596.50	596.50
Other Financial Liabilities (Refer Note 13b & 17c)	1,637.22	1,637.22	1,637.22
	3,652.92	3,652.92	3,652.92

### Fair Value Hierarchy

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

### Financial Risk Management

#### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

### Market Risk

The company is exposed to foreign currency risk through its sales and purchases from overseas suppliers in US Dollar. The exchange rate between the rupee and US Dollar has changed substantially and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates / depreciates against US Dollar.

### Foreign Currency Risk

The following table analyses foreign currency risk from financial instruments as of 31 March 2018:

Particulars	U.S.D. equivalent INR in lacs
Cash and Cash Equivalents	14.53
Trade Receivables	66.04
Trade Payables	(89.86)
	(9.28)

The following table analyses foreign currency risk from financial instruments as of 31 March 2017:

Particulars	U.S.D. equivalent INR in lacs
Cash and Cash Equivalents	19.94
Trade Receivables	92.05
Trade Payables	(182.47)
	(70.48)

For each of the years ended 31 March 2018 and 31 March 2017, every percentage point depreciation/appreciation in the exchange rate between the Indian rupee and US Dollar, has affected the Company's incremental operating margins by approximately 0.04%. Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into function currency, due to exchange rate fluctuations between the previous reporting year and the current reporting year.

### Credit Risk

Credit risk refers to the risk of default on its obligation by the customers resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹2199.17 lacs, ₹ 1995.67 lacs and ₹ 2183.96 as of 31 March 2018, 31 March 2017 and 1 April 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Company through sale contract with customers and continuously monitoring the ageing of outstanding balance of customers to which the Company grants credit in the normal course of business. The Company uses the expected credit loss model as at each year end to assess the impairment loss or gain. No single customer accounted for more than 10% of the accounts receivable as of 31 March 2018, 31 March 2017 and 1 April 2016, respectively and revenues for the year ended 31 March 2018 and 31 March 2017, respectively. There is no significant concentration of credit risk.

### Credit Risk Exposure

The allowance for life time ECL on customer balances for the year ended 31 March 2018 was ₹1.43 lacs. The reversal for life time ECL on customer balances for the year ended 31 March 2017 was ₹ 1.33 Lacs.

in lacs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Balance at the beginning	14.07	15.40
Impairment loss recognised/(reversed)	1.43	(1.33)
Balance at the end	15.50	14.07

### Liquidity Risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has taken working capital loans from Banks for its Working Capital requirement. The company believes that the working capital is sufficient to mitigate its liquidity risk. Accordingly, no liquidity risk is perceived.

As of 31 March 2018, the Company had a working capital of ₹ 3,566 lacs including cash and cash equivalents of ₹ 78.41 lacs. As of 31 March 2017, the Company had a working capital of ₹ 3,727.81 lacs including cash and cash equivalents of ₹ 76.98 lacs.

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2018:

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade Payables (Refer Note No. 17(b))	1160.51	-	-	-	1160.51
Other financial liabilities (Refer Note No. 13(b) & 17(c))	1315.62	7.89	73.58	6.25	1403.34
	<b>2476.13</b>	<b>7.89</b>	<b>73.58</b>	<b>6.25</b>	<b>2563.85</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2017:

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade Payables (Refer Note No. 17(b))	985.67	-	-	-	985.67
Other financial liabilities (Refer Note No. 13(b) & 17(c))	1625.48	-	49.18	22.20	1696.86
	<b>2611.15</b>	<b>-</b>	<b>49.18</b>	<b>22.20</b>	<b>2682.53</b>

## 32. SEGMENT REPORTING

Based on the 'management approach' as defined in Ind AS-108 (Operating Segments), the Chief Operating Decision Maker (CODM), being the Chairman-cum-Managing director in the Company evaluates the company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographical segments. The Company's financial reporting is organised into three major operating divisions viz. Greeting Cards, Stationery Items, Gifts and Others. These divisions are the basis on which the company is reporting its primary segment information as follows:-

### (i) Information About Business Segments

		(₹ in Lacs)	
S.NO.	PARTICULARS	31 MARCH 2018	31 MARCH 2017
	<b>Segment Revenue</b>		
a	Greeting Cards	<b>2742.43</b>	3340.87
b	Stationery	<b>2333.67</b>	2703.88
c	Gifts	<b>10434.92</b>	12257.42
d	Others	<b>133.26</b>	158.79
	<b>Income From Operations</b>	<b>15644.28</b>	18460.96
	<b>Segment Results</b>		
	<b>Profit before Dep., Interest, Finance Charge &amp; Tax</b>		
a	Greeting Cards	<b>277.15</b>	202.43
b	Stationery	<b>268.35</b>	123.39
c	Gifts	<b>215.60</b>	278.17
d	Others	<b>10.23</b>	18.06
	<b>Total</b>	<b>771.33</b>	622.05
	Less: Interest and Finance Charges	<b>282.35</b>	302.22
	Less: Other unallocable exp. net of unallocable Income	<b>776.77</b>	882.85
	<b>Profit / (Loss) before Tax</b>	<b>(287.79)</b>	(563.02)
	<b>Capital Employed</b>		
	(Segment Assets-Segment Liabilities)		
	Segment Assets	<b>16579.77</b>	15466.55
	Segment Liabilities	<b>4824.99</b>	4795.78
	Capital Employed	<b>11754.78</b>	10670.77
	<b>Total</b>	<b>11754.78</b>	10670.77



NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

(ii) Information about Geographical Segment

(₹ in Lacs)

Particulars	Sales Revenue by Geographical Market		Carrying Amount of Segment Assets		Additions to Property, Plant & Equipment	
	31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017
East	1113.90	1176.85	235.59	322.37	34.69	0.56
West	2953.69	3583.61	1550.00	1602.97	63.73	99.95
North	8311.07	9843.57	13367.35	12213.74	271.39	542.08
South	2714.39	3183.81	1235.46	1126.72	36.40	54.42
Central	407.84	505.29	191.37	200.75	1.24	17.66
Export	143.39	167.83	Nil *	Nil *	Nil *	Nil *
<b>Total</b>	<b>15644.28</b>	<b>18460.96</b>	<b>16579.77</b>	<b>15466.55</b>	<b>407.45</b>	<b>714.67</b>

\* No specific assets are held for export.

(iii) Notes to Segment information

**Segment Revenue and Expense**

- Joint Revenues and Expenses are allocated to the business segments on a reasonable basis to the extent possible.

**Segment Assets and Liabilities**

- "Segment Assets include all Operating Assets used by Segment. Segment Liabilities include all Operating Liabilities."

**Capital Employed**

- Due to the nature of business and common manufacturing facilities for various Segments, a reasonable allocation of Capital Employed to various Segments is currently not practicable.

**NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

**33. RELATED PARTY DISCLOSURES (IND AS-24)**

**(I) List of Related Parties with whom transactions have taken place and Relationships :**

<b>S.NO.</b>	<b>NAME OF RELATED PARTY</b>	<b>RELATIONSHIP</b>
<b>1</b>	Mr. Anil Moolchandani (Chairman and Managing Director)	<b>Key Managerial Personnel</b>
	Mr. Jagdish Moolchandani* (Director)	
	Mr. Dilip Seth Director (Finance) & CFO	
	Mr. Sunil Behl (Non Executive Independent Director)	
	Mr. Arun Singhal (Non Executive Independent Director)	
	Dr. Bhawna Chadha (Non Executive Independent Director)	
	Late Mr. Prem Kumar Chadha (Non Executive Independent Director)**	
	Mr. Deepak Thakkar*** (Non Executive Director)	
	Mr. Vijayant Chhabra**** (Chief Executive Officer)	
	Mr. Seshan Ranganathan**** (Chief Executive Officer)	
	Mr. Gautam (Company Secretary)	
<b>2</b>	Mrs. Neeru Moolchandani w/o Mr. Anil Moolchandani	<b>Relatives of Key Managerial Personnel</b>
	Mrs. Pushpa Moolchandani w/o Mr. Jagdish Moolchandani	
	Mr. Varun Moolchandani s/o Mr. Anil Moolchandani	
	Mr. Karan Moolchandani s/o Mr. Anil Moolchandani	
	Mr. Raghav Moolchandani s/o Mr. Jagdish Moolchandani	
	Mrs. Mohini Seth Mother of Mr. Dilip Seth	
<b>3</b>	M/S Empire Greetings & Gifts Pvt. Ltd. M/S Andani Corp. M/S Kyor	<b>Enterprises over which Key Managerial Personnel or their relatives exercise significant influence</b>
<b>4</b>	M/S Finesse Interactive Solution Pvt.Ltd.***	<b>Enterprise over which Non Executive Director has interest</b>
<b>5</b>	Archies Greeting & Gifts Limited Employees Group Gratuity Scheme*****	<b>Post-employment benefits plan of Archies Limited</b>



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

- \* Mr. Jagdish Moolchandani resigned from the post of Chief Operating Officer w.e.f 09.08.2016 and he was appointed as a Director (Executive) of the Company w.e.f 10.08.2016.
- \*\* Mr. Prem Kumar Chadha, Independent Director of the Company deceased on 23.06.2017 and thus ceased to be a Director of the Company.
- \*\*\* Mr. Deepak Thakkar resigned from the post of Non Executive Director of the Company w.e.f 05.01.2017
- \*\*\*\* Mr. Vijayant Chhabra resigned from the post of Chief Executive Officer w.e.f 08.08.2016.  
Mr. Seshan Ranganathan was appointed as Chief Executive Officer of the Company w.e.f 09.08.2016. Further he resigned from the post of Chief Executive Officer w.e.f 10.08.2017
- \*\*\*\*\* Refer to Note 34 for information on transactions with post employment benefits plans mention above.

### (II) Transactions for the period 01.04.2017 to 31.03.2018 with Related Parties :

(₹ in Lacs)

S.NO.	NATURE OF TRANSACTION	KEY MANAGERIAL PERSONNEL		RELATIVES OF KEY MANAGERIAL PERSONNEL		ENTERPRISES OVER WHICH KEY MANAGERIAL PERSONNEL OR THEIR RELATIVES EXERCISE SIGNIFICANT INFLUENCE		TOTAL	
		31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017
1	Purchase of Goods					28.22	504.90	28.22	504.90
2	Sale of Goods					10.75		10.75	0.00
3	Rendering Of Services					0.00	42.25	0.00	42.25
4	Rent Paid	39.86	49.93	93.85	113.30	43.58	95.88	177.28	259.11
5	Salary	114.82	145.56	31.83	36.10			146.66	181.66
6	Post Employment Benefits	3.60	3.57					3.60	3.57
7	Director's Sitting Fees	2.02	2.33					2.02	2.33
8	Unsecured Loans Received	670.43						670.43	0.00
9	Repayment Of Unsecured Loans	255.43						255.43	0.00
	Outstanding Receivables					24.82	12.60	24.82	12.60
	Outstanding Payable	437.55	20.78	2.70	3.48	13.70	0.23	453.96	24.48

**(III) TRANSACTION WISE DETAIL OF RELATED PARTIES**

(₹ in Lacs)

S.NO.	NATURE OF TRANSACTION	NAME OF RELATED PARTY	TRANSACTION AMOUNT 31 MARCH 2018	TRANSACTION AMOUNT 31 MARCH 2018
1	Purchase of Goods	M/s Andani Corp.	-	504.90
		M/s Kyor	28.22	-
		<b>Total</b>	<b>28.22</b>	<b>504.90</b>
2	Sales of Goods	M/s Kyor	10.75	-
		<b>Total</b>	<b>10.75</b>	<b>-</b>
3	Rendering of Services	M/s Finesse Interactive Solution Pvt.Ltd.	-	42.25
		<b>Total</b>	<b>-</b>	<b>42.25</b>
4	Rent Paid	Mr. Anil Moolchandani	31.20	40.62
		Mr. Jagdish Moolchandani	8.66	9.31
		Mrs. Pushpa Moolchandani	47.64	52.65
		Mrs. Neeru Moolchandani	18.76	20.12
		Mr. Varun Moolchandani	8.62	8.62
		Mr. Karan Moolchandani	5.28	8.64
		Mrs. Mohini Seth	2.66	2.66
		Mr. Raghav Moolchandani	10.88	20.61
		M/s Empire Greeting And Gifts Pvt. Ltd.	43.58	95.88
		<b>Total</b>	<b>177.28</b>	<b>259.11</b>
5	Salary Paid	Mr. Anil Moolchandani	34.02	36.27
		Mr. Jagdish Moolchandani	22.55	24.68
		Mr. Dilip Seth	25.36	27.25
		Mr. Seshan Ranganathan	24.93	37.69
		Mr. Vijayant Chhabra	-	12.47
		Mr. Gautam	7.97	7.20
		Mr. Karan Moolchandani	14.91	18.05
		Mr. Raghav Moolchandani	16.93	18.05
		<b>Total</b>	<b>146.66</b>	<b>181.66</b>
6	Post-employment Benefits	Mr. Dilip Seth	3.00	3.00
		Mr. Gautam	0.60	0.57
		<b>Total</b>	<b>3.60</b>	<b>3.57</b>
7	Director's Sitting Fees	Mr. Sunil Behl	0.68	0.80
		Late Mr. Prem Kumar Chadha	0.20	0.75
		Dr. Bhavna Chadha	0.51	0.26
		Mr. Arun Singhal	0.63	0.35
		Mr. Deepak Thakkar	-	0.17
		<b>Total</b>	<b>2.02</b>	<b>2.33</b>



( ₹ in Lacs )

S.NO.	NATURE OF TRANSACTION	NAME OF RELATED PARTY	TRANSACTION AMOUNT 31 MARCH 2018	TRANSACTION AMOUNT 31 MARCH 2018
8	Unsecured Loan Received	Mr. Jagdish Moolchandani	20.43	-
		Mr. Anil Moolchandani	650.00	-
		<b>Total</b>	<b>670.43</b>	-
9	Repayment Of Unsecured Loans	Mr. Anil Moolchandani	235.00	-
		Mr. Jagdish Moolchandani	20.43	-
		<b>Total</b>	<b>255.43</b>	-
<b>Outstanding Payable</b>				
	Salary and other benefits Payable	Mr. Anil Moolchandani	2.63	2.50
		Mr. Jagdish Moolchandani	1.69	2.00
		Mr. Dilip Seth	16.88	10.70
		Mr. Seshan Ranganathan	-	4.95
		Mr. Gautam	0.93	0.62
		Mr. Karan Moolchandani	0.74	1.79
		Mr. Raghav Moolchandani	1.50	1.69
<b>Total</b>	<b>24.37</b>	<b>24.25</b>		
	Rent Payable	Mr. Anil Moolchandani	0.43	
		Mr. Raghav Moolchandani	0.46	
		<b>Total</b>	<b>0.89</b>	-
	Unsecured Loan Payable	Mr. Anil Moolchandani	415.00	
		<b>Total</b>	<b>415.00</b>	-
	Trade Payable	M/s Kyor	13.70	
		M/s Finesse Interactive Solution Pvt.Ltd.	-	0.23
		<b>Total</b>	<b>13.70</b>	<b>0.23</b>
Total Outstanding Payable			453.96	24.48
<b>Outstanding Receivable</b>				
	Trade Receivable	M/s Kyor	12.22	-
		<b>Total</b>	<b>12.22</b>	-
	Other Receivable	M/s Empire Greeting And Gifts Pvt. Ltd.	12.60	12.60
		<b>Total</b>	<b>12.60</b>	<b>12.60</b>
		Total Outstanding Receivable	24.82	12.60

**NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

**34. EMPLOYEE BENEFITS (IND AS -19)**

The principal assumptions used in actuarial valuation are as below:

	31 MARCH 2018	31 MARCH 2017
Discount Rate (per annum)	7.45%	6.50%
Salary growth rate (per annum)	2.00%	2.50%

**Assets and Liabilities (Balance Sheet Position)**

(₹ in Lacs)

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Present Value of obligation	76.46	306.29	83.29	333.04
Fair value of Plan Assets	18.34	258.93	13.66	289.29
Surplus / (Deficit)	(58.11)	(47.36)	(69.64)	(43.75)
Effects of Asset Ceiling, if any	-	-	-	-
Net Asset / (Liability)	(58.11)	(47.36)	(69.64)	(43.75)

**Changes in the Present Value of the Obligations**

(₹ in Lacs)

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Present Value of Obligation as at the beginning	83.29	333.04	81.26	346.65
Current Service Cost	19.98	24.76	18.53	29.79
Interest Expense or Cost	5.41	21.63	6.25	26.67
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-	-	-
-change in demographic assumptions	-	-	0.34	(2.15)
-change in financial assumptions	(5.61)	(27.58)	(1.44)	(4.87)
-experience variance (i.e. Actual experience vs assumptions)	(6.35)	20.04	(6.59)	6.06
Past Service Cost	-	14.63	-	-
Benefits Paid	(20.27)	(80.23)	(15.07)	(69.11)
Present Value of Obligation as at the end	76.46	306.29	83.29	333.04

**Changes in Fair Value of Plan Assets**

(₹ in Lacs)

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Fair Value of Plan Assets as at the beginning	13.66	289.29	10.40	327.46
Investment Income	0.89	18.79	0.68	25.20
Employer's Contribution	3.75	29.17	2.50	6.57
Employee's Contribution	-	-	-	-
Benefits Paid	-	(80.23)	-	(69.11)
Return on plan assets, excluding amount recognised in net interest expense	0.05	1.92	(0.08)	(0.82)
Fair Value of Plan Assets as at the end	18.34	258.93	13.66	289.29



**NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

**Changes in Effect of Asset Ceiling**

(₹ in Lacs)

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Effect of Asset Ceiling at the beginning	-	-	-	-
Effect of Asset Ceiling at the end	-	-	-	-

**Expenses Recognised in the Income Statement**

(₹ in Lacs)

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Current Service Cost	<b>19.98</b>	<b>24.76</b>	18.53	29.79
Past Service Cost	-	14.63	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	<b>4.52</b>	<b>2.84</b>	5.58	1.48
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-	-	-
-change in demographic assumptions	-	-	0.34	-
-change in financial assumptions	<b>(5.61)</b>	-	(1.44)	-
-experience variance (i.e. Actual experience vs assumptions)	<b>(6.35)</b>	-	(6.59)	-
Return on plan assets, excluding amount recognised in net interest expense	<b>(0.05)</b>	-	(0.08)	-
Expenses Recognised in the Income Statement	<b>12.50</b>	<b>42.23</b>	16.34	31.27

**Other Comprehensive Income**

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Actuarial (gains) / losses	-	-	-	-
-change in demographic assumptions	-	-	-	(2.15)
-change in financial assumptions	-	<b>(27.58)</b>	-	(4.87)
-experience variance (i.e. Actual experience vs assumptions)	-	<b>20.04</b>	-	6.06
Return on plan assets, excluding amount recognised in net interest expense	-	<b>(1.92)</b>	-	0.82
Components of defined benefit costs recognised in other comprehensive income	-	<b>(9.45)</b>	-	(0.14)

**NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

**Major categories of Plan Assets (as percentage of Total Plan Assets)**

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Funds managed by Insurer	100%	100%	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Present Value of Obligation (net of Plan Assets)**

(₹ in Lacs)

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Current Liability	20.60	47.36	21.65	43.75
Non-Current Liability	37.51	-	47.98	-
	<b>58.11</b>	<b>47.36</b>	69.63	43.75

**Demographic Assumptions**

The principal demographic assumptions used in the actuarial valuation:

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Mortality rate (% of IALM 06-08)	100%	100%	100%	100%
Normal Retirement Age	58 Years	58 Years	58 Years	58 Years
Attrition / Withdrawal rates, based on completed years of service: (per annum)				
Upto 5 years	40%	40%	40%	40%
Above 5 years	8%	8%	8%	8%
Rate of Leave Availment (per annum)	2%	-	2%	-
Rate of Leave Encashment during employment (per annum)	0%	-	0%	-



**NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

**Sensitivity Analysis**

**Increase/(Decrease) in Defined Benefit Obligation**

(₹ in Lacs)

Particulars	31 MARCH 2018		31 MARCH 2017	
	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded	Gratuity Funded
Change in Discount Rate				
1 % increase	73.08	289.57	79.61	313.04
1 % decrease	80.18	324.78	87.35	355.39
Change in Salary Growth Rate				
1 % increase	80.35	324.93	87.47	354.11
1 % decrease	72.87	289.21	79.44	313.79
Change in Attrition Rate				
50 % increase	79.50	324.15	84.96	348.95
50 % decrease	71.42	280.38	80.52	309.09
Change in Mortality Rate				
10 % increase	76.48	306.51	83.30	333.24
10 % decrease	76.44	306.07	83.28	332.84

**Expected Contribution during the next annual reporting year**

	Leave Encashment Funded	Gratuity Funded
The Company's best estimate of Contribution during the next year	73.03	70.30

**Maturity Profile of Defined Benefit Obligation**

	Leave Encashment Funded	Gratuity Funded
Weighted average duration (based on discounted cash flows)	4 Years	6 Years

**35. CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to equity holders of the company. The primary objective of the company's capital management is to maximize the shareholder value.

The company manages its capital structure and makes adjustments in lights of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to Shareholders or issue of new shares. The company monitors Capital using a gearing ratio, which is net debt, divided by total capital plus net debt. Net Debt of the company includes total borrowings less cash and cash equivalents.

(₹ in Lacs)

Particulars	31 MARCH 2018	31 MARCH 2017	01 APRIL 2016
Borrowings	1,579.66	1,432.17	1,419.20
Less: Cash and Cash Equivalents	78.41	76.98	248.11
<b>Net Debt (A)</b>	<b>1,501.25</b>	<b>1,355.19</b>	<b>1,171.09</b>
Equity	675.62	675.62	675.62
Other Equity	11,079.16	9,995.15	10,358.76
Total Capital	11,754.78	10670.77	11034.38
<b>Capital and Net Debt (B)</b>	<b>13,256.03</b>	<b>12,025.96</b>	<b>12,205.47</b>
<b>Gearing Ratio (A/B*100)</b>	<b>11.33%</b>	<b>11.27%</b>	<b>9.59%</b>

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the total borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2018 and 31 March 2017.

### 36. INCOME TAX

Income tax expense in the Statement of Profit and loss comprises:

(₹ in Lacs)

Particulars	31 MARCH 2018	31 MARCH 2017
Current taxes	-	-
Deferred taxes	(50.83)	(193.43)
Deferred taxes (Other Comprehensive Income)	179.91	0.04
Income tax expenses	<b>129.08</b>	<b>(193.39)</b>

Reconciliation of tax expense and the accounting profit multiplied by Income tax rate for 31 March, 2018 and 31 March, 2017:

Particulars	31 MARCH 2018	31 MARCH 2017
Accounting profit/(loss) before tax	(287.79)	(563.02)
Tax at India's statutory income tax rate of 33.06%		
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Effect of depreciation and sale of property, plant and equipment	24.55	95.01
Effect of Employee benefit expenses	11.76	(3.57)
Effect of Unabsorbed Depreciation and Business Loss	(77.28)	(273.46)
Effect of Ind AS adjustments	(7.23)	(11.37)
Effect of revaluation of freehold land	177.28	0.00
<b>Income tax expenses</b>	<b>129.08</b>	<b>(193.39)</b>

### 37. OPERATING LEASE (IND AS-17)

The Company has entered into Operating Lease arrangements for premises. Lease payments recognised in the Statement of Profit and Loss under Non-cancelable Operating Leases in respect of these assets is ₹ 2535.50 Lacs (31 March 2017, ₹ 2884.01 Lacs), which includes contingent rents of ₹ 4.71 Lacs (31 March 2017, ₹ 28.54 Lacs).

Leases payments received (or receivable) recognized in the statement of profit and loss ₹ 56.25 Lacs (31 March 2017, ₹ 67.18 Lacs),

The Lease Agreements are further renewable after its expiry of initial term with a mutual consent, subject to revision in Lease rentals.

(₹ in Lacs)

Particulars	31 MARCH 2018	31 MARCH 2017	01 APRIL 2016
Lease Rent Payable not later than one year	<b>2,036.55</b>	2,598.41	2,345.58
Lease Rent Payable later than one year but not later than five years	<b>6,577.92</b>	5,876.29	5,532.91
Lease Rent Payable later than five years	<b>1,282.88</b>	1,286.24	1,301.66



**NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

**As per our report of even date attached**

For J.P.Kapur & Uberai  
Chartered Accountants  
(Firm Registration No. 000593N)

Vinay Jain  
PARTNER  
(Membership No. 095187)

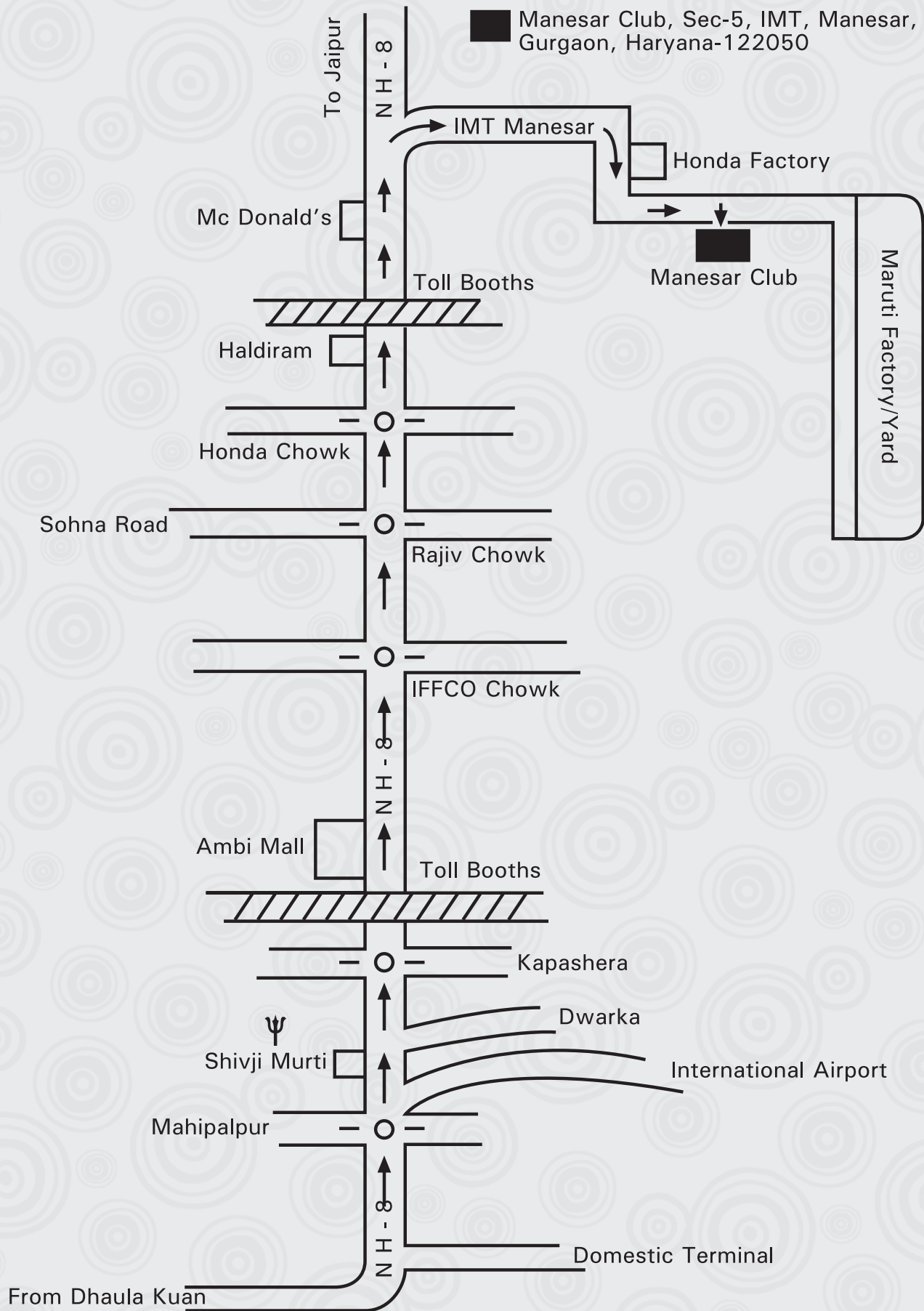
Place: New Delhi  
Date: 23 May 2018

**For and on behalf of the Board**

Anil Moolchandani  
Chairman and  
Managing Director

Gautam  
Company Secretary

Dilip Seth  
Director (Finance)  
and CFO







# ARCHIES LIMITED

CIN: L36999HR1990PLC041175

Regd. Office : 191F, Sector - 4, IMT Manesar Gurugram, Haryana - 122050

Tel No : +91 124 4966666, Fax No: +91 124 4966650

Website : www.archiesonline.com / Email id : gautam.verma@archiesonline.com

## PROXY FORM

Name of the member (s) :

Registered address :

E-mail ID :

Folio No/ Client ID;

DP ID:

I/We, being the member (s) of .....shares of the above named company, hereby appoint

1. Name : ..... Address : .....  
E-mail Id : ..... Signature: ....., or failing him
2. Name : ..... Address : .....  
E-mail Id : ..... Signature: ....., or failing him
3. Name : ..... Address : .....  
E-mail Id : ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 28th day of September, 2018 at 11.00 a.m. at Manesar Club, Sector-5, IMT Manesar, Gurugram, Haryana-122050, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Vote (Optional, see Note 2)		
		For	Against	Abstain
1.	Adoption of Balance Sheet, Statement of Profit & Loss, Report of the Directors and Auditors for the Financial Year Ended March 31, 2018.			
2.	To appoint a Director in place of Mr. Jagdish Moolchandani (DIN-00016718) who retires by rotation and being eligible offers himself for re-appointment.			
3.	To ratify the appointment and fix the remuneration of M/s. J.P., Kapur & Uberai (FRN-000593N) Chartered Accountants, Statutory Auditors of the Company, in terms of provisions of section 139 of the Companies Act, 2013 for the financial year 2018-19			
4.	Appointment of Mrs. Payal Jain (DIN-08190694) as an Independent Director of the Company			

Signed this ..... day of ..... 2018.

Signature of the shareholder .....

Signature of Proxy holder(s) .....

Affix  
1 Rupee  
Revenue  
Stamp

### Note :

1. This form of proxy in order to be effective, should be duly completed and deposited at the office of the Company, not less than 48 hours before the commencement of the Meeting
2. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' blank against any or all the resolutions, your proxy will be entitled to vote in the manner he/she deem appropriate.
3. A proxy need not be a member of the company.





## ARCHIES LIMITED

CIN: L36999HR1990PLC041175

Regd. Office : 191F, Sector - 4, IMT Manesar Gurugram, Haryana - 122050

Tel No : +91 124 4966666 Fax No: +91 124 4966650

Website : www.archiesonline.com / Email id : gautam.verma@archiesonline.com

### ATTENDANCE SLIP

Twenty Eighth Annual General Meeting - September 28, 2018

Regd. Folio No./DP Client ID.

No. of Shares held

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company at Manesar Club, Sector-5, IMT Manesar, Gurugram, Haryana-122050, India, and at any adjournment thereof, at 11:00 a.m. on Friday, September 28, 2018.

Member's / Proxy's Name .....  
(In Block Letters)

Signature of Member / Proxy .....

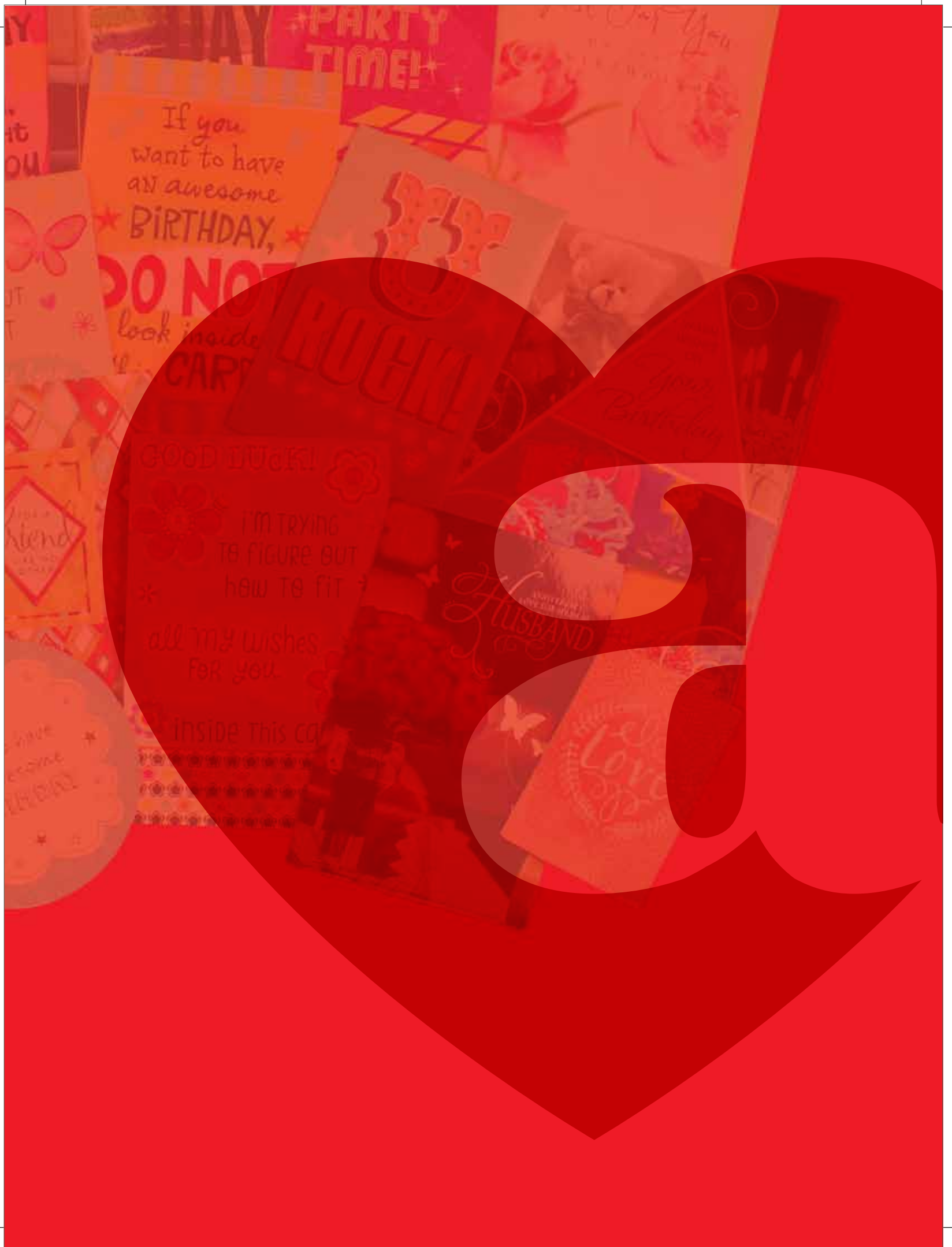
- Notes :
1. Please fill up this Attendance Slip and hand it over at the entrance of the meeting hall.
  2. Members are requested to bring their copies of the Annual Report at the meeting.
  3. **Please note that no gifts/company products will be distributed at the meeting.**













*The most special way to say you care*

**ARCHIES LIMITED**

CIN : L36999HR1990PLC041175

Regd. Office : 191 F, Sector-4, IMT Manesar, Gurugram, Haryana - 122050

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